FREIGHT TRAFFIC ISSUE

What Shippers Say About Featherbedding

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January 25, 1960

RAILWAY AGE *weekly*

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EXCLUSIVE INTERVIEW Express Agency's William B. Johnson

What Next For REA?

page 16

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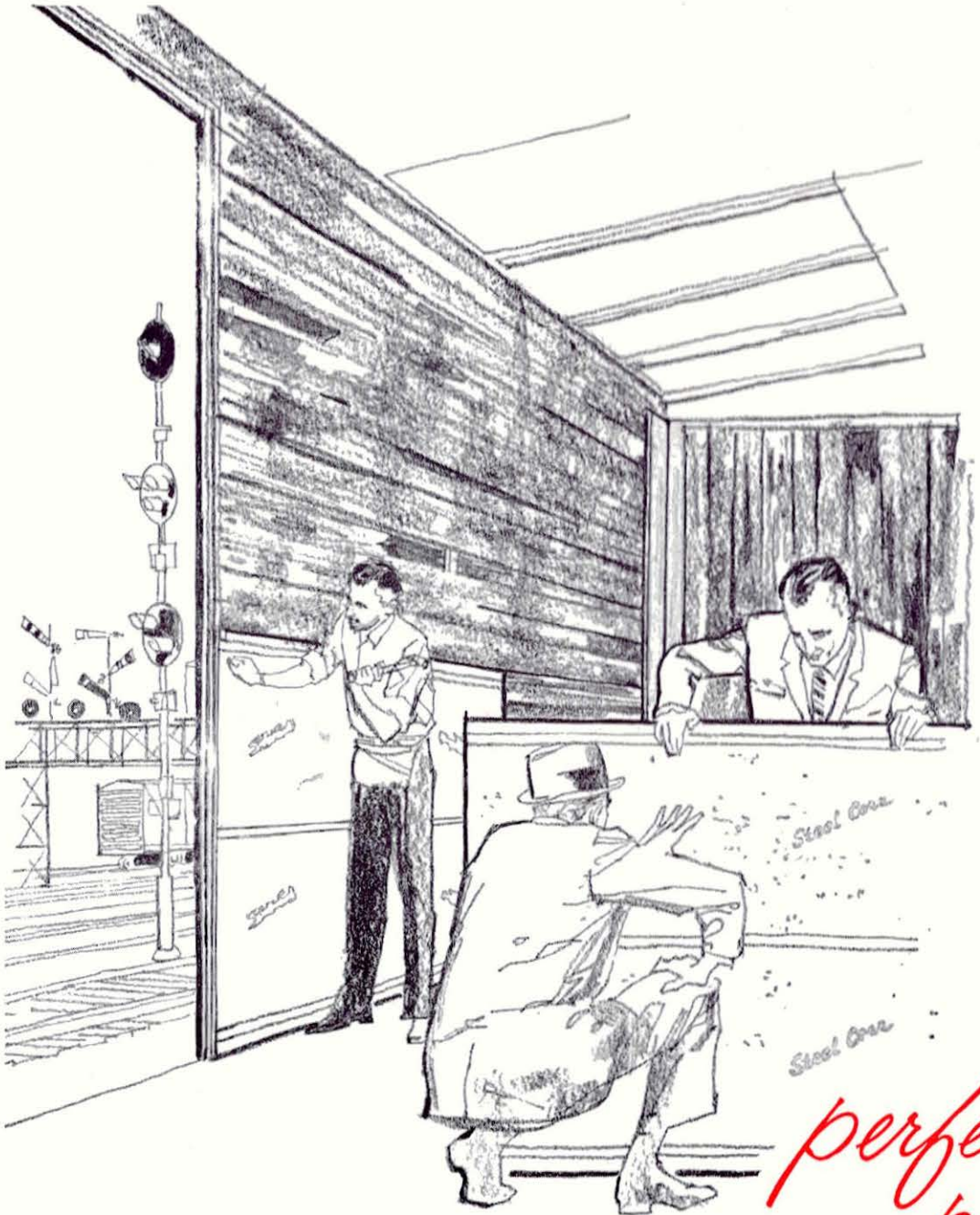

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* * *

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AMERICAN RAILROADS

WASHINGTON 6, D. C.

RAILWAY AGE *weekly* January 25, 1960 • Vol. 148, No. 4

Week at a Glance

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City to 'buy' rail service ..... p. 9

Philadelphia has set up a non-profit corporation to contract for essential rail commuter service. Both the Pennsylvania and Reading have hailed the plan as a stride toward preservation of commuter trains. Mayor Dilworth hopes city payments to the railroads will soon be augmented by federal aid.

What shippers say about featherbedding p.13

"Modernization" of railroad working rules is supported almost unanimously by respondents to this month's Traffic Poll. Reasonable changes in the rules, they think, would benefit shippers by improving efficiency or reducing the cost of railroad service.

Cover Story—REA gets set for new growth p.16

William B. Johnson, president of the express company, is a man in a hurry. His immediate job is to show the REA-owning railroads that the agency can become a profitable operation. In this exclusive interview, Mr. Johnson tells Railway Age readers why he and his associates are optimistic.

Seaway: Still a question mark p.41

Eastern railroads lost a chunk of traffic to the new waterway during its initial season—but it's impossible to say how much, or to measure the potential future threat. Meanwhile, more rate adjustments are due as eastern roads step up efforts to protect their traffic.

The Action Page—Millions for better service p.46

The so-called railroad problem is one of inadequate supply of new capital. Some railroads, of course, have been able to do better than the average in keeping their facilities up-to-date. Steps must be taken to permit railroads as a whole to have readily available supplies of capital matching those of the industry's well-to-do members.

Short and Significant

Five new Trailer Train members . . . .

are expected to join the piggyback car-leasing pool early in February after action approving the move has been taken by their individual boards. The new roads will extend Trailer Train membership in the Southwestern, Central Western, Northwestern and Pocahontas districts. If precedents are followed, a substantial increase in the TTX car fleet is also in the works.

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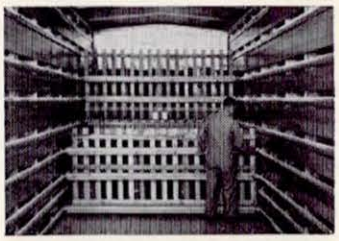
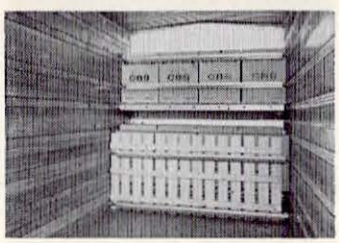
That's it! After long research, much experimenting and testing Sparton now offers you the greatest advance in freight car loading systems—The SPARTON EASY LOADER—with greater shipper savings and a greater reduction in damage claims. Thus, Sparton makes two major contributions in freight car loading systems in the last three years.





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Week at a Glance CONT

Current Statistics

Operating revenues	
11 mos., 1959 ...	$8,980,340,079
11 mos., 1958 ...	8,727,008,232
Operating expenses	
11 mos., 1959 ...	7,050,236,098
11 mos., 1958 ...	6,888,226,710
Taxes	
11 mos., 1959 ...	958,748,814
11 mos., 1958 ...	876,893,397
Net railway operating income	
11 mos., 1959 ...	672,127,835
11 mos., 1958 ...	684,853,088
Net income estimated	
11 mos., 1959 ...	484,000,000
11 mos., 1958 ...	514,000,000
Average price railroad stocks	
Jan. 19, 1960 ..	103.60
Jan. 20, 1959 ..	112.09
Carloadings, revenue freight	
Wk. ended	
Jan. 9, 1960	591,515
Wk. ended	
Jan. 10, 1959 ...	550,666
Freight cars on order	
Jan. 1, 1960	43,870
Jan. 1, 1959	27,596
Freight cars delivered	
12 mos., 1959 ...	37,819
12 mos., 1958 ...	42,760

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Photo-electric eyes watch for high loads . . .

on eastbound New York Central freight trains as they near Buffalo, N.Y. Interruption of the light beam by a high-loaded car actuates an alarm bell and light which alerts a towerman. He can then take action to have the train stopped before the high-loaded car collides with a low bridge or overhead highway viaduct. Successful operation of these eyes has led the NYC to consider a program of installing them at 20 or more locations on the eastern district.

Wage talks with the Engineers . . .

appeared headed for a climax last week, as the BLE warned it would seek to break off mediation and spread a strike ballot unless the carriers made a "satisfactory" offer by Friday, Jan. 22. Earlier, union sources indicated they'd received a "feeler"—involving a 3% increase effective next Jan. 1. Management quickly and categorically denied making an offer. Theodore Short, speaking for the carrier conference committees, declared that "neither the union nor the railroad committees have as yet made an offer on wages."

Missouri Pacific may take a new look at merger . . .

if a preliminary report on consolidation with Chicago & Eastern Illinois develops positive findings. MP, which decided against merger with Texas & Pacific last summer, is also studying merger possibilities involving other roads. But the C&EI situation is the only one where talks between two managements have begun. Indications are the preliminary report will be ready for study by mid-February.

Track car and diversification bills . . .

will come up for Congressional hearings next month. The Senate's surface transportation subcommittee has scheduled a Feb. 25 hearing on the track car bill, which would give the ICC power to prescribe rules for operation of track motor cars. The House's subcommittee on transportation and aeronautics has scheduled a Feb. 2 hearing on several diversification bills, which include proposals to liberalize present restrictions on operation of one form of transport by another, but also proposals to tighten such restrictions.

Santa Fe's tri-level auto flat car . . .

left Wixom, Mich., last Wednesday on its initial move. The shipment: eight Lincoln and Thunderbird cars, stacked three deep on the 53½-ft flat. The car, equipped with a "super-shock-control" underframe, is the prototype of an 88-ft car which will carry 12 standard-size autos or 15 compact cars. Use of a universal tie-down system on the cars will permit shipment of any mix of autos, regardless of size, weight or axle position.

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City to 'Buy' Rail Service

► **The Story at a Glance: The City of Philadelphia last week took what it hoped would be a major step toward solution of its commuter problem. City Solicitor David Berger filed papers incorporating the "Passenger Service Improvement Corporation of Philadelphia." The new, non-profit corporation will have power to contract with Philadelphia railroads for suburban service the city wants.**

Initially, PSICP will take over "Operation Northwest" and "Operation Northeast," the city-sponsored experiments with lowered fares and increased service that have proved it is possible to bring riders back to the rails (but which have failed to eliminate rail losses on the service). Continuing low-cost, improved service on the three lines involved in the experiments, PSICP will also attempt in 1960 to expand contract service into two more districts involving three new lines.

"This is an auspicious day for the City of Philadelphia," Philadelphia Mayor Richardson Dilworth proclaimed in announcing detailed plans for a nonprofit corporation to contract for rail commuter service. "We are on the way toward preserving and expanding service which is absolutely essential to Philadelphia."

Under the plan agreed to by the city, the Pennsylvania and Reading Railroads and the Railway Labor Executives' Association, the new Passenger Service Improvement Corporation of Philadelphia will consist of an unsalaried board of directors and a skeleton staff of technical aides. The railroads will retain title to their present rights of way and equipment. Train personnel will continue to be rail employees rather than employees of PSICP. New equipment and property to be acquired by the PSICP with the aid of city financing would be leased to the railroads under a tripartite agreement between the city, the PSICP and the railroads.

A formal contract spelling out the details under which the railroads will furnish service requested by the PSICP was being negotiated last week. Its chief elements:

- All revenues from fares or other sources from PSICP trains will be credited to the new corporation.
- The railroads will get in return a sum covering most of the direct costs of the service. In the first year, this will be a minimum of $1,400,000 from the two "Operation Northwest" lines, plus an additional sum for "Operation Northeast," plus another additional sum if new services are added as planned. Except for approximately $425,000 to be sought from the City Council in 1960 (the same amount paid in 1959), most of the money will come from revenues.
- PSICP will determine train schedules, kinds of equipment, service improvements, promotional methods and other managerial activities.
- The railroads will continue present employment practices required under state and federal laws and collective bargaining agreements.

One of the first actions of the new corporation will be to extend low-cost, improved service to other lines within the city boundaries. Three lines in two areas are scheduled to be included during 1960, and other lines will be included if suburban communities want to participate.

First line to be added will operate over the PRR main Philadelphia-New York tracks as far as Torresdale. To avoid interference with heavy PRR mainline traffic, this will require new facilities at Torresdale.

Also scheduled for early integration are the PRR and Reading lines to Manayunk and Shawmont. The three new lines plus the Fox Chase and the two Chestnut Hill lines already included, will mean that half of the city's twelve suburban lines will come under the new corporation by the end of the year. This will include 78 route miles of high-speed passenger line.

PSICP will be an independent agency governed by a 15-man board of directors. Eleven members will be appointed by the mayor (who will also name the chairman), one by each of the railroads, and two by the RLEA.

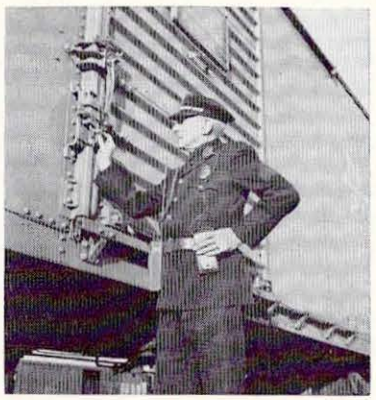
In pledging the help of the Pennsylvania to make the joint venture a success, Walter W. Patchell, vice president, special services, commented, "We of the Pennsylvania Railroad are glad that the City of Philadelphia has thus taken the lead in moving toward a definite solution of the commuter and mass transportation problem."

Reading President Joseph A. Fisher said: "Formation of a nonprofit corporation is an encouraging forward move in the joint efforts of the City and the railroads to maintain and improve rail commutation service in this area . . ."

Conceding that the PSICP payments would cover only direct costs of operations such as wages, power, and train costs, City Solicitor Berger indicated that the corporation might eventually find a way to cover all of the railroads' losses in this service, perhaps with federal aid.

As described by the mayor, PSICP includes the basic elements proposed by the city last summer (RA, July 20, 1959, p. 54) with modifications to meet railroad requirements. The non-profit corporation is also, the mayor said, the kind of agency recommended by a committee of mayors and rail executives at last fall's American Municipal Congress (RA, Dec. 7, 1959, p. 9).

The new corporation is an important step forward for Philadelphia transportation, Mayor Dilworth said, and will provide immediate benefits for the city. The mayor made it plain, however, that he believes long-term success in suburban transportation to be contingent on federal aid along the lines suggested by the American Municipal Congress Committee.



Foot Patrolmen Use Radio

Light-weight (4 lb), two-way radios now give New York Central patrolmen in New York City and suburban areas instant communication with headquarters. Radio calls are received over a disc loudspeaker (on left lapel, above), sent by pressing a button on the microphone (on right lapel, above). The transmitter antenna (unit attached to patrolman's belt) is pulled up for greater range.

President Opposes Fare-Tax Cut

Reduction of the tax on passenger fares will be postponed until June 30, 1961, if Congress adopts a budget proposal made by President Eisenhower.

Legislation was passed last year to reduce the tax from 10% to 5%, effective next June 30. But the President's budget message, which went to Congress last week, said this and similarly scheduled reductions or expirations of other excise taxes should be delayed for another year—"in order to maintain federal revenues."

The recommendation came when demands for complete repeal of the fare tax were already being heard on Capitol Hill. The chairman of the Senate's surface transportation subcommittee, Senator Smathers of Florida, has announced that he will press for complete repeal of the levy which "discourages the use of common carriers for passenger travel."

Like its predecessors, the budget message also has presidential recommendations calling for increased postal rates and higher "user charges" in the form of increased taxes on aviation fuel and gasoline consumed by highway vehicles. Another repeater is the President's recommendation that government payments to the railroad retirement account for periods when railroaders are in military service be put on an actual cost basis.

The transport study which he requested the Department of Commerce to make a year ago "is now nearing completion," the President said (RA, Jan. 18, p. 10). "This study," the budget message added, "should provide a sound basis for administrative actions and for legislation that may be needed to assure adequate and balanced growth of all branches of the nation's transportation system."

The President's proposal as to aviation fuel is that the tax on aviation gasoline be increased from 2 cents per gallon to 4½ cents, and that an equivalent tax be levied on jet fuels which are now untaxed. "The revenues from all taxes on aviation fuels should be credited to general budget receipts, as a partial offset to the budgetary cost of the airways system, and clearly should not be deposited in the highway trust fund," the President said.

Later on the message noted that the budget would provide the Civil Aeronautics Board with $69 million for subsidy payments to airlines in the 1961 fiscal year. Pointing out that this would be 80% more than was paid in fiscal 1958, though most of it now goes to local-service airlines, the President said: "This rise and the prospect of even higher subsidies in the future make necessary the consideration of proposals to reduce the dependence of these airlines on the government."

As to the federal tax on fuel used by highway vehicles, the President would raise it another one-half cent per gallon—to 4½ cents. This, he said, "will permit the construction program for the interstate system to proceed at a higher and more desirable level."

Watching Washington *with Walter Taft*

• **THE EXPECTED REQUEST** for more time to complete its transport studies has come from the Senate Committee on Interstate and Foreign Commerce. It's embodied in Senate Resolution 244, sponsored by the committee's chairman, Senator Magnuson of Washington.

FAVORABLE SENATE ACTION on the resolution, which is anticipated, will give the committee another year—until Jan. 31, 1961—to complete the studies. This will be the second extension, the inquiries having been authorized originally in 1958 by Senate Resolution 303. They are now the so-called "S.Res.29 studies," their continuance until the end of this month having been authorized by that resolution which was passed last year.

• **IT'S NOW CLEAR** that outbound rail rates from river ports can't deprive barge-rail shippers of any "savings" they gain by using barge service inbound. That will be the result of an order entered last week by the U. S. Supreme Court.

THE ORDER upheld lower-court decisions and thus made a rate-making rule out of a novel theory which had been rejected by the ICC. The new rule will require the Commission (if other bases, such as proportional rates on ex-rail traffic, are lacking) to implement the no-loss-of-savings policy by making rates on ex-barge traffic the same as divisions received by railroads handling like traffic out of the ports under joint-rate arrangements over all-rail routes.

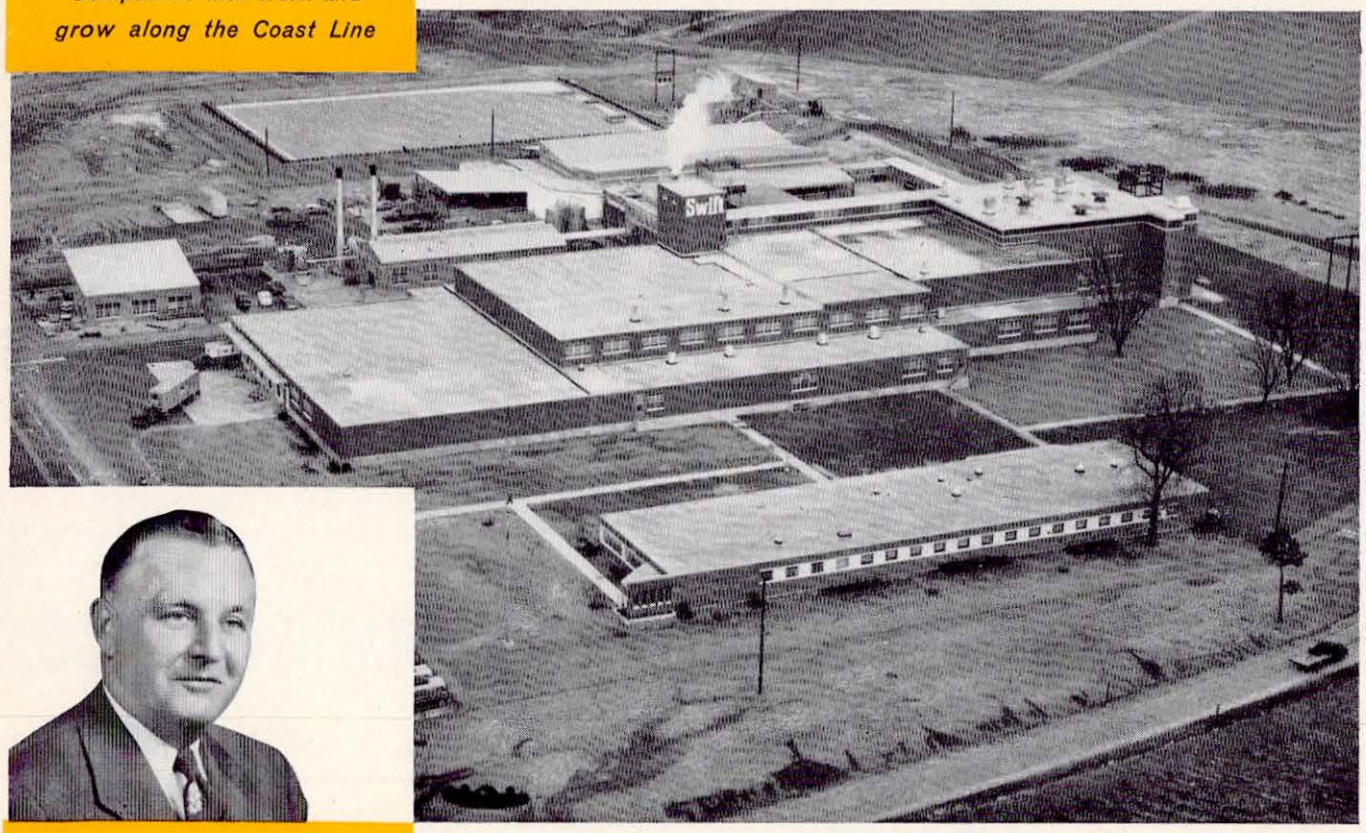
THE CASE marks the culmination of a water-carrier campaign which has succeeded in getting more and more ex-barge traffic the same outbound rail rates from river ports that apply on ex-rail traffic (RA, Nov.30,1959,p. 10). Appellants to the Supreme Court included interested railroads and the Commission, whose appeal was docketed there as No. 528, ICC v. Arrow Transportation Co. Railroad pleadings warned that a ruling like that now made would require joint barge-rail rates differentially lower than all-rail rates through all river ports.

• **SHIPPER VICTORY** in the released-rate-rules case is now clinched. Reporting on its reconsideration of the matter, the ICC has affirmed its disclaimer of authority to authorize railroads and truckers to publish general liability-limiting rules. Shipper opposition to the proposed departure from the commodity-by-commodity approach was spearheaded by the National Industrial Traffic League.

THE CONDEMNED RULES would have limited carrier liability for freight to $3 per lb, with maxima of $200,000 per rail shipment and $150 per package or $100,000 per consignment for truck shipments. Additional charges would have been assessed for declared values in excess of those amounts.

One of a series spotlighting the companies that work and grow along the Coast Line

Shippers Along the Coast Line



D. D. Miller, plant manager for Swift's Wilson operation, is a 33-year veteran with the company. His experience covers every phase of the meat business from livestock raising right down to the best way to cook a steak. At present he is actively conducting a program to help local livestock producers raise the quality of their animals to the highest possible level. About the transportation services available to his plant he says, "Coast Line's rail service is essential to our operation, not only for the movement of inbound livestock and supplies but also for finished products going out."

The Meat of the Matter...

What'll you have? Steak? Ham? Franks? You'll find them all and more here at Swift & Company's new meat processing plant at Wilson, North Carolina.

Opened for business in January of 1959, the plant already produces some 500 different meat products. The plant itself occupies 10 acres of a 59-acre tract and serves all of North Carolina and parts of Virginia and South Carolina. In a routine day about 1200 head of mixed livestock are processed here: beef cattle, calves and hogs. Rail sidings at the plant can accommodate 10 cars for unloading into pens which hold up to 3000 animals. Products shipped daily from the plant are in excess of 200,000 pounds.

On-the-hoof or processed for market — the safe, fast delivery of valuable livestock and perishable meats is no problem for Coast Line. We've studied and solved the shipping problems of companies such as Swift — a practice we follow with all our shippers. This thorough service could easily work for you, too. Why not call on us soon and give us a try.

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DALLAS—headquarters for our northeast and central Texas agency—began as a trading post in 1841. Today it is the state's second largest city.

Important automobile assembly and aircraft production center, Dallas also is the area's largest wholesale market. In Dallas are located the Military Traffic Management agency for five states, the Commodity Stabilization service of U.S.D.A., and the General Services administration.

Famed for its cultural advantages, Dallas also is a leading fashion and convention city.

Other important cities in our Dallas territory are Bonham, Corsicana, Greenville, Jacksonville, Lone Star, Longview, Mt. Pleasant, Palestine, Paris, Sulphur Springs, Tyler, and Waco. Here are produced a multitude of things—many allied with the state's vast farm, ranch, petroleum and steel production.

Serving, as we do, hundreds of producers in this fast-growing region, we of Kansas City Southern Lines welcome this opportunity to thank them again for the transportation business accorded us through the years.

J. W. SCOTT
Vice President—Traffic
KANSAS CITY 5, MO.

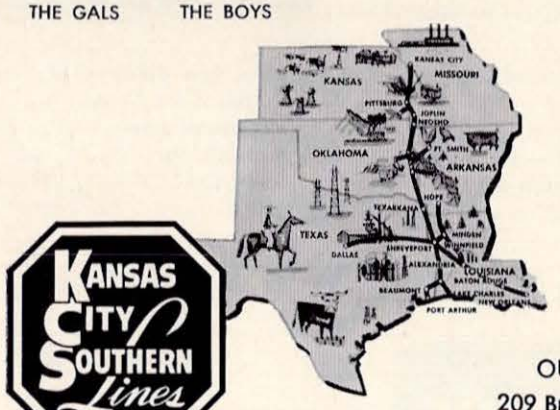
meet the folks who sell our service

(one of a series)

CHARLES D. POLLARD

THE GALS THE BOYS

HARRY R. WHITING has spent almost his entire working life with KCS Lines, including 40 years in traffic. Has headed our Dallas agency as general agent and district freight agent since 1933. **EUNICE O. SIKES** worked several years as cashier for L&A before entering traffic as chief clerk, Shreveport, La., 1926. Served as general agent, Shreveport and Texarkana, Tex., before appointment as general agent, Dallas, 1954. **CHARLES R. DYER** has been railroading since 1914—with us since 1923, when the L&A acquired the Shreveport division of the Katy. General agent, Greenville, 1936-1957; general agent, Dallas, since 1957. **SAM C. KENNEDY** began his railroad career in 1933 and has been with KCS Lines, Dallas, since 1943, first as chief clerk, then traveling freight agent. Commercial agent since 1955. **CHARLES D. POLLARD** joined our Denver, Colo., office as steno-clerk, 1955. Similar position, Houston, Tex., before appointment as city freight agent, Dallas, 1957. **THE GALS** in our Dallas office are, left to right, Miss Katie Laine Miles, secretary, and Mrs. Julia Fern Hayes, steno-clerk. Katie considers Sept. 16, 1957, her lucky day—that's when she joined our Dallas force. Julia has been with KCS Lines since 1926—at Dallas since 1934. **THE BOYS** are James L. Moore, left, and Fred H. Champion. Moore has been with us 46 years—at Dallas as rate clerk since 1932. Champion began service in 1918. Chief clerk, Dallas, since 1947.



KANSAS CITY SOUTHERN Lines

OUR DALLAS OFFICE
209 Browder Bldg.—Room 1107

January Traffic Poll

Shippers Tell How Featherbedding Hurts

Proposition

On December 21, 1959, Railway Age said, editorially: "There is one vitally important aspect to [the current] working rules argument that has not yet been fully exposed—that is those working rules which operate simultaneously and directly against the welfare of railroads, unionists and shippers. Rules that most obviously fall into this 'harm everybody, help nobody' category are those which prohibit giving reasonable switching service to shippers . . . Shippers know of more instances of this kind than railroads do. They would be doing both sides in the current controversy a service if they would make known all such instances."

Question

(1) Do you think reasonable changes in railroad working rules would benefit shippers in general—either by improving efficiency or reducing cost of railroad service?

Yes	**50**
No	**1**

(2) Do you know of any instances in which present working rules prevent railroads from serving you, as an individual shipper, efficiently and economically—or from serving you at all?

Yes	**23**
No	**22**

(3) If so, please give specific details.—For replies, see accompanying text.

"Carriers should sell employees on the fact that their self-interest is best served by a relaxation of work rules that benefit, at most, only a small segment of carrier workers. The less money spent for work not done will mean more money available for new cars, car repairs and rehabilitation of facilities to the benefit of *all* rail workers."

That typifies the all-but-unanimous support for "modernization" of railroad working rules expressed by shipper respondents to this month's Traffic Poll.

The statement itself comes from A. C. Roy, director of traffic, Pennsylvania Glass Sand Corp., Pittsburgh, who also says:

"Any working rule restrictions making carrier operations more expensive than they should be mean that freight rates are also higher than they should be—especially on captive commodities which cannot take full advantage of competitive modes of transport. Any rules that delay cars and result in unnecessary transit time or turnaround delays force curtailment of operations of bulk raw material shippers who must depend on a daily rail car supply."

The carriers, Mr. Roy adds, "have done a good sales job on their customers and the public, but a poor job on their own employees. They have a fertile field to point out that only a very small number of employees benefit by 'make work' rules, to the detriment of the majority."

While Mr. Roy stands alone among Poll respondents on the weakness of the railroads' educational efforts, he has plenty of support for his opinion concerning the dangers inherent in "antiquated work rules."

Such rules, says E. F. Lodge, Jr., director of traffic, Atlas Powder Co., Wilmington, Del., "have not only delayed but also negated many technological advances made in carrier operations. Such practices, if continued, will destroy our national system of railroads, as they cannot be justified either morally or economically." Another man, who asks not to be quoted by name, says carriers must either reduce their costs "or face bankruptcy or government ownership." This same man—somewhat like Mr. Roy—suggests that modernized work rules would mean more, not fewer, jobs for railroad men.

Other typically positive statements in favor of work-rule changes came from such widely separated shippers as R. M. Ranslem, traffic manager, Eaton Metal Products Corp., Omaha; R. H. Heilman, director of transportation, A. O. Smith Corp., Milwaukee; and A. S. Daviau, traffic manager, Mennen Co., Morristown, N.J.

"Everyone would benefit from reasonable work rule changes," Mr. Ranslem says briefly, "because there would be less time involved," especially on long-distance shipments.

Mr. Heilman, while recognizing the existence of "featherbedding" in all industry, calls railroads "the finest 'featherbed' of them all." He points out that "some of the antiquated make-work rules are possibly of management's own making to some extent," but says "the important point is that most of them are outmoded. Their elimination will make the railroad industry a healthier one and place it in better position to serve the public more efficiently and economically."

Mr. Daviau agrees with Mr. Heilman—that "a more economical operation must result" if "the economic waste" of make-work rules could be eliminated. "One of the things at stake," he adds, "is management's right to control the 'mix' of men and machines to attain the goal of the company. . . . The development of machinery to perform faster, better and more economically is progress—and progress can't be stopped."

At least two respondents go along with the railroad suggestion (rejected by the unions) for a study of the rules by a special commission or by "impartial technical experts." One says such a study "is only fair to the public"; the other thinks it would produce "expert advice to railroad labor as to how it might be benefited rather than injured by reasonable changes in working rules." It is the only way, this second man adds, in which such reasonable changes can be brought about—"it will not be done by government interference or by management."

In answer to the second question on the Poll ballot, a number of respondents pinpointed specific instances (quoted on page 27), in which working rules have directly interfered with their own shipping operations. A good many others generalized on that subject.

"There have been instances," says A. P. Gould, TM, Simonds Saw & Steel Co., Fitchburg, Mass., "in which the railroad has borne extra costs to accomplish switching service." Somewhat similarly, H. F. Hanson and F. G. Chapman, traffic managers, respectively, for Brunswick-Balke-Collender Co., Chicago, and Harbor Plywood Corp., Aberdeen, Wash., say "we are served efficiently," but "at greater cost than necessary." "In the long run," Mr. Chapman adds, elimination of featherbedding "will reduce cost of railroad service." D. H. Wetzel, traffic manager, American Olean Tile Co., Lansdale, Pa., makes much the same point: "We are fortunate in that present working

(*Continued on page 27*)

"You run your railroad

The aggressive little man speaks with confidence. He runs his road the easy way—from one comfortable spot. Everything's at his finger tips.

• • •

Message for mature railroaders. Why not run your road the same confident, competitive, easy way—from one comfortable spot, with Union CTC.

What difference does it make? CTC makes more money for you. You get more efficient use from your existing tracks and equipment. Trains move faster—customers grow friendlier.

About money. Roads with CTC have reported a 30 to 40% annual return on their investment in CTC.

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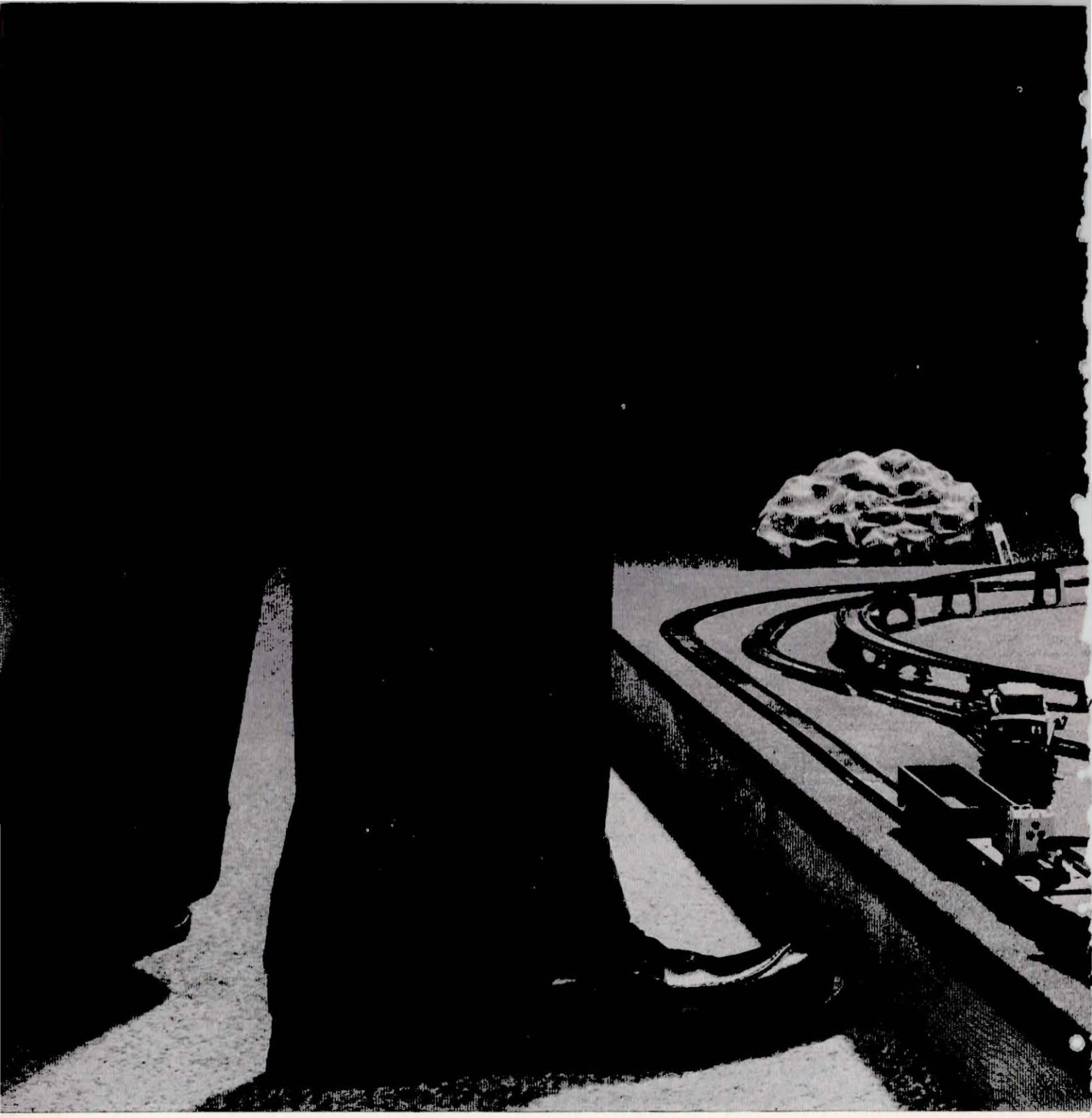

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...I'll run mine"

About the future. The completely automatic train is now possible and practical and *the expansion of CTC lays the groundwork for automatic control.* Union Traffic Control Centers (TCC) fit any control system and can be applied to all types of interlockings. You won't have to replace Union TCC to accommodate future developments. With Union TCC, you've already taken a step into the future of railroading.

We will be glad to send you more information about Union TCC. Just write us.

"Pioneers in Push-Button Science"

UNION SWITCH & SIGNAL

DIVISION OF WESTINGHOUSE AIR BRAKE COMPANY

SWISSVALE, PENNSYLVANIA

NEW YORK ... PITTSBURGH ... CHICAGO ... SAN FRANCISCO

RAILWAY EXPRESS RACES THE CLOCK TO REBUILD

COUNTDOWN?—William B. Johnson, president of the Railway Express Agency since last March 1, is a man in a hurry. Faced with a series of deadlines running to Jan. 1, 1963, Mr. Johnson's immediate job is to show the owning railroads that REA can increase efficiency fast enough, and rebuild quickly enough, to become a profitable operation.

Right now, Mr. Johnson and his associates have more projects under way than they care to count. But they've scored some important breakthroughs already and, given a few breaks, they figure the odds will swing in the company's favor. There is a new feeling of urgency and change at company headquarters; a feeling that promises to spread throughout the organization during 1960.

Typical of this new thinking: When Mr. Johnson moved into his new office he discovered a model of a stagecoach. He had it removed. In its place there's now a blue and white model of a jet transport.

REA Gets Set for New Growth

Q. Mr. Johnson, it has been no secret that Railway Express has had serious difficulties. Do you think the treatments possible under the new Standard Operations Agreement will help straighten things out?

A. I certainly do. And the prospect of doing that is quite a challenge to all of us here.

The job of restoring this business to healthy condition is not easy. As you know, since the immediate postwar period we have run downhill as to volume, handling an increasingly smaller percentage of the small shipment market. If the inherent advantages of express had been given a clear track, there is little doubt in my mind that business would have stayed up and we could have made remarkable progress during the boom period.

Q. What were some of the basic problems of the express company during the Fifties?

A. Well, it would take a book to tell all that. Fundamentally, what hit us most was what you might call "the small shipment problem." Physical labor is important in the small shipment business, so inflation hit us particularly hard. Operating costs kept going up. It became increasingly more difficult to handle our traffic economically. In addition, and partially as a result, the agency has had to contend with some highly specialized, selective and subsidized carrier competition. These competitors, by and large, aren't common carriers and shouldn't pretend to be. They are either selective as to types of shipments handled, points served or extent of service rendered; or, they are subsidized, either by the taxpayer, as in the case of parcel post, or through the use of government-provided facilities.

Q. How does your new contract change any of these things?

A. In several ways. For example, we have a more independent status, and new contractual freedoms. We think this gives us a start in shaping a sounder and more profitable operation. For one thing, we are done with historical linehaul routing of express traffic. That's one hurdle. For another, we will have, and I think this is very important, the beneficial disciplines and incentives of a profit and loss statement.

Effective July 1, 1961, we start paying the railroads agreed rates per express car-foot-mile instead of turning over to them whatever is left of express revenues after paying our other bills. These rates will be generally on the basis of the rail out-of-pocket cost to handle our traffic. The theory is that we should at least pay the railroads this much but won't be required to pay our share of the overhead or common costs. In return for this, we will also pay express-carrying railroads 50% of any profits which we make, leaving the other 50% to be reinvested in the business or for use for other normal corporation purposes.

The important point, however, is that we will be able to have a profit or a loss, and our books will show all of the expenses of performing the express services.

Q. That really changes your corporate operations, then?

A. Yes.

Q. How does your new five-year air express agreement with the airlines fit into the picture?

A. It's a natural rounding out of our service pattern. As you may know, the express company was a pioneer in the movement of cargo by air—on an experimental basis as early as 1919, and on a regularly scheduled basis beginning in 1927.

Air express has been and still is a growth business. Our shipments-handled figure has about doubled since 1949. It fits into our picture because it lets us offer the shipping public coordinated services it couldn't otherwise get from anybody.

For 1959, our gross air express revenues will run to around $49 million. That's a 181% jump from the $17.3 million in 1949. We figure around $53 million for 1960.

Q. Let's go back to this new railroad contractual status you mentioned. What are you doing first to implement this new opportunity?

A. Well, we've already found you can't do all the studying, planning and undertaking you'd like to—not simultaneously, at any rate. Generally speaking, however, our big push right now is to reduce unit expenses per shipment. This is going to require not only greater mechanization where practicable, but fewer and less expensive functions every step of the way in moving shipments from origin to destination. That means all kinds of paper work shortcuts as well as the obvious economies of fewer or simpler physical handlings of express traffic.

We are right now performing ex-

perimental terminal and line-haul operations, and are looking into some new procedures and new operating techniques. But these changes are going to require substantial additional capital for new trucks, additional two-way radio for truck despatch, new materials handling equipment, the erection of some new terminal facilities and modernization of others.

We are also in the midst of a comprehensive study and overhaul of our rate structure. We're putting in incentive rates on suitable commodities just as fast as detailed special studies are completed. These rates provide shippers substantially lower charges when shipments of a commodity are aggregated in bulk lots of 300 lb or more and offered at one time.

Still another problem we have to face up to is that of outlying suburban deliveries versus those in the downtown city areas. This calls for some pretty careful cost evaluation when you consider the cost of 10 shipments delivered to a business house as opposed to one delivered to a residence.

Tariff simplification is high on our list of objectives, too. We've got to achieve the simplest possible schedules, and make rate-checking from official tariffs an easy and quick procedure —both for the shipper and for our own personnel. It is difficult even to estimate the dollars in shipper and express man-hours that can be saved.

Q. Can all these tariffs and rates be changed so drastically under present laws?

A. Yes, we think so. One thing we could use is repeal of the Fourth-Section provisions of the Interstate Commerce Act. But that would require legislation. None of our competitors has to contend with this thing and there's no reason we should. In general, though, I would say that the ICC can permit us to do what is necessary. We believe they will.

Q. You mention competitors, and your approach to rates certainly seems aggressive. Are you, in effect, taking on all comers?

A. You might say that. We intend to be competitive with anyone and everyone in the small shipment business. After all, much of the small shipment traffic of our competitors originally came from us. So we're going to see how much we can get back. Rates are going to be a help, especially our industry-type incentives, such as those on printed matter and footwear which became effective this month.

As I told the ICC last August, our fundamental approach to this competitive problem is based on the conviction that we cannot survive when operating solely as a stand-by carrier for traffic which other services either cannot or will not handle. If we have inherent service and cost advantages, or can create others, we're going after the traffic.

Q. And the railroads which control the express company—will they go along with you on these plans?

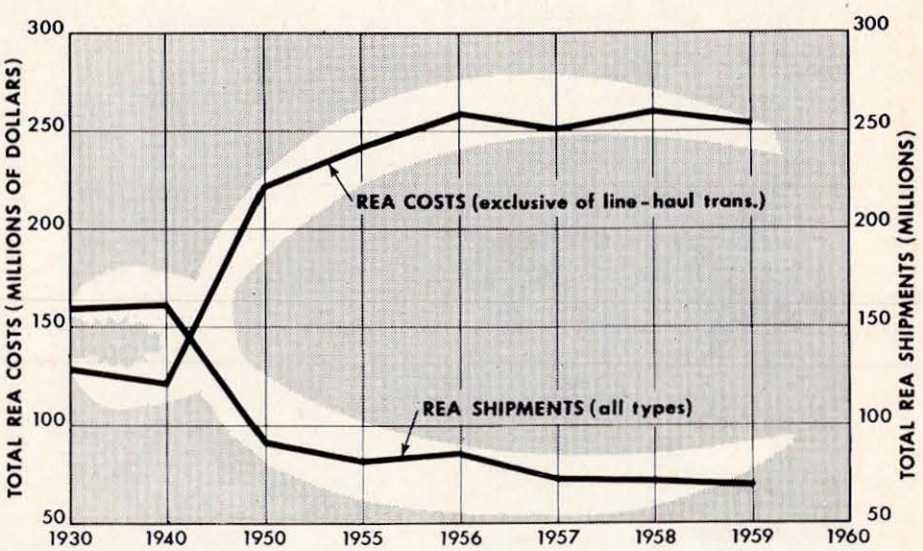
A. Definitely. We have no problem there. Actually, this was the prime purpose of the new express contract that went into effect last October 1. Our management here has full responsibility to manage the business so as to achieve stability, profitability and progress.

Q. Apart from rate changes, and the capital expenditures you mention, Mr. Johnson, are there other major changes contemplated in your company setup? Will you be closing any small-town offices, for example?

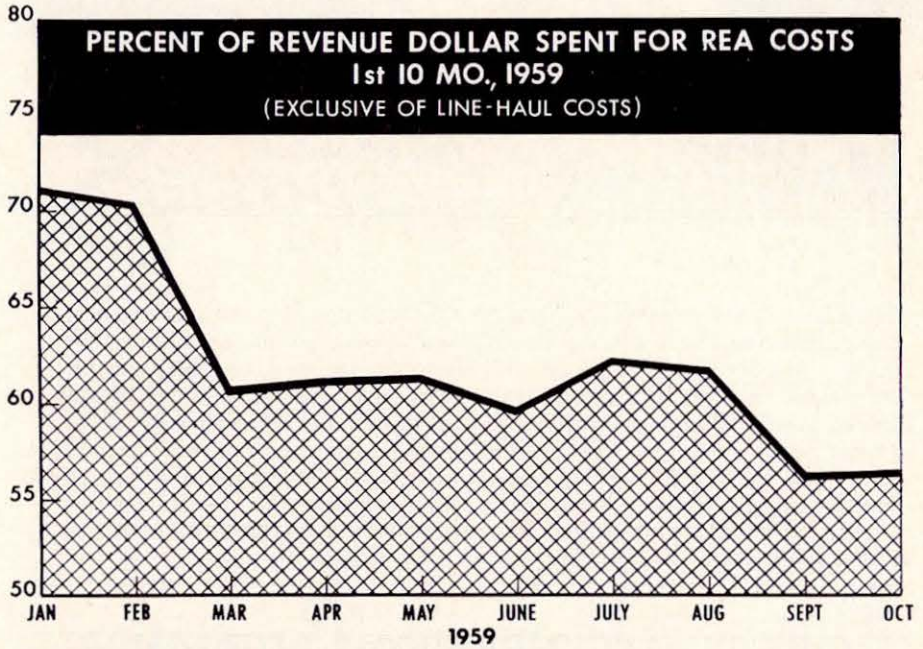
A. Well, our chief aim, as I mentioned, is to provide better service at less cost.

One of our chief problems, it's true, is the unnecessarily large number of offices we have. They're a hangover from the early days when almost every town was served by a railroad, and only by a railroad. So there was an express office in almost every town, each serving its own little island territory. This kind of horse-and-wagon op-

(*Continued on page 19*)



VISE-LIKE GRIP of rising costs, shrinking shipments has plagued REA since 1940. Johnson's aim: reverse these lines.



TREND LIKE THIS, showing month-by-month cost reductions in 1959, reflects speed with which new REA management is moving.

World's Most Versatile Tamper

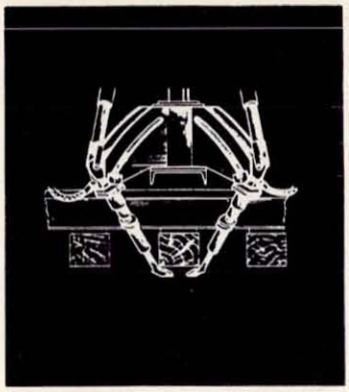
NEW McWilliams MULTI-PURPOSE 8

A PRODUCTION TAMPER

A SPOT TAMPER

A JACK TAMPER

With ballast compaction equal to the McWilliams Production Tamper, the machine tamps under the tie in sixteen positions—each tool tamping in two places. Speed in production tamping: up to 4 ties per minute. *As a Spot Tamper*, split head with integral jacks assures effective tamping of joints, low spots, switches and in yard and terminal work. *As a Combination Jack and Out-of-Face Tamper*, the machine will operate as a jack tamper in making out-of-face raises, finish tamping ties at jacking points. It then can go back and finish tamp the remaining ties —making possible out-of-face tamping with one machine, an operator and a foreman for sighting the raise. *Ask for details.*



Tools tamp in the same pattern as the McWilliams Production Tamper

Railway Maintenance Corporation

PITTSBURGH 30, PA.

Track Stays up Longer with a McWilliams Tamper

eration is hardly feasible with today's trucks and hard surface roads.

What we figure on now are terminal areas 25 or 30 miles in radius, served from a central point, with fast line-haul service between terminals. Our competitors operate this way. We must, too. This will mean closing many small offices, but not the end of express service to the local and surrounding territory served by them. In fact, in practically all instances, services to those areas will be better. Some will receive pickup and delivery where it was not available before. Other areas will be served from a major point with much better line-haul transportation than the local office previously used.

Of course, there are some offices with no traffic and no potential to speak of. We propose to get out of these. We simply can't afford to operate anywhere at a loss, or to maintain offices where we can do as good or better without the office. We should not be forced to pay the unnecessary cost of office rents, light, heat, extra salaries, and other types of expenses where service is no factor.

Q. This concept, it would seem, ties in with another matter we often hear mentioned—reductions in passenger train service. How are they affecting express?

A. Under the new contract, we do not consider this a problem. First, I'd say that in most train and branch line discontinuances, we actually have been able to improve our handling of express. We often do so at a reduction in cost. Many railroads have supplanted or supplemented train service with their own truck operations. In many cases, too, our company has established its own over-the-road truck service, using our own employees and equipment, or arranging with a locally available common or contract motor carrier to provide substitute line-haul service.

In 1953, the one-way mileage of over-the-road truck routes used in hauling express had reached 77,000. This has gone up quite a bit since then. It's now in the vicinity of 115,000 route-miles. Most of the routes are relatively short, although some run into the hundreds of miles in sparsely settled areas. The average is a little more than 60 miles.

We intend to continue improving and modernizing our highway truck operations, particularly where the trains leave us or where their schedules are not adequate. We will continue to use good rail service where our traffic and that of the Post Office justifies separate mail and express trains, or head-end cars, which, I am sure, the railroads will provide as long as there is sufficient traffic.

It's where train service is restricted or where volume is not sufficient to justify operation of head-end cars in passenger trains, that we intend to use highways, or other rail service.

Q. Will the truckers oppose your expanded truck operations, particularly where there may not be a prior or subsequent rail haul?

A. They may, but we hope they won't. For one thing, there are many areas where we can ask "What trains for prior or subsequent haul?" Why shouldn't the express company utilize highway trucks where that is the only practical way to provide the kind of service the public needs? Express has always typified the coordination of all means of transport available. Competitors generally are not prepared to provide this type of service or to handle certain types of traffic which are peculiar to express service.

Our one purpose is to serve the public. This is what the various regulatory commissions say we must do. The shipping public in each state would hardly want its regulatory body to kill express service, and we think the public interest will win out.

The line-haul transportation provided by our own trucks and highway routes and those of local motor carriers used by us actually is less than 5% of our total line-haul. The preponderant traffic volume flow continues to be between cities and key terminal points. It is likely, even for years hence, that railroads will continue to provide as much as 75% of the total line-haul work. Highway route mileage and the number of short-haul routes will grow, but you can see the limit to that.

Q. Do you think you face difficulties from other competitors, Mr. Johnson?

A. Parcel post is a formidable problem. The law says parcel post should be self-supporting, but somebody hasn't read the law. Take this latest increase, the one the ICC approved last November. The new February 1 Post Office schedules actually have decreased rates on some of the heavier, longer haul packages. The Post Office says this is because they feel it is better to raise rates more on the low-weight, short-haul parcels, where there's relatively little competition. The thinking, as their ICC testimony shows, is to keep rates on these heavier, long-haul pieces at existing levels, or even reduce them where there's possibility of diversion to express and other package carriers.

This kind of government competition —this deliberate intention to compete— is something no member of Congress, to my knowledge, ever intended a private carrier should face from parcel post.

Q. What do you think should be done to correct this parcel post situation?

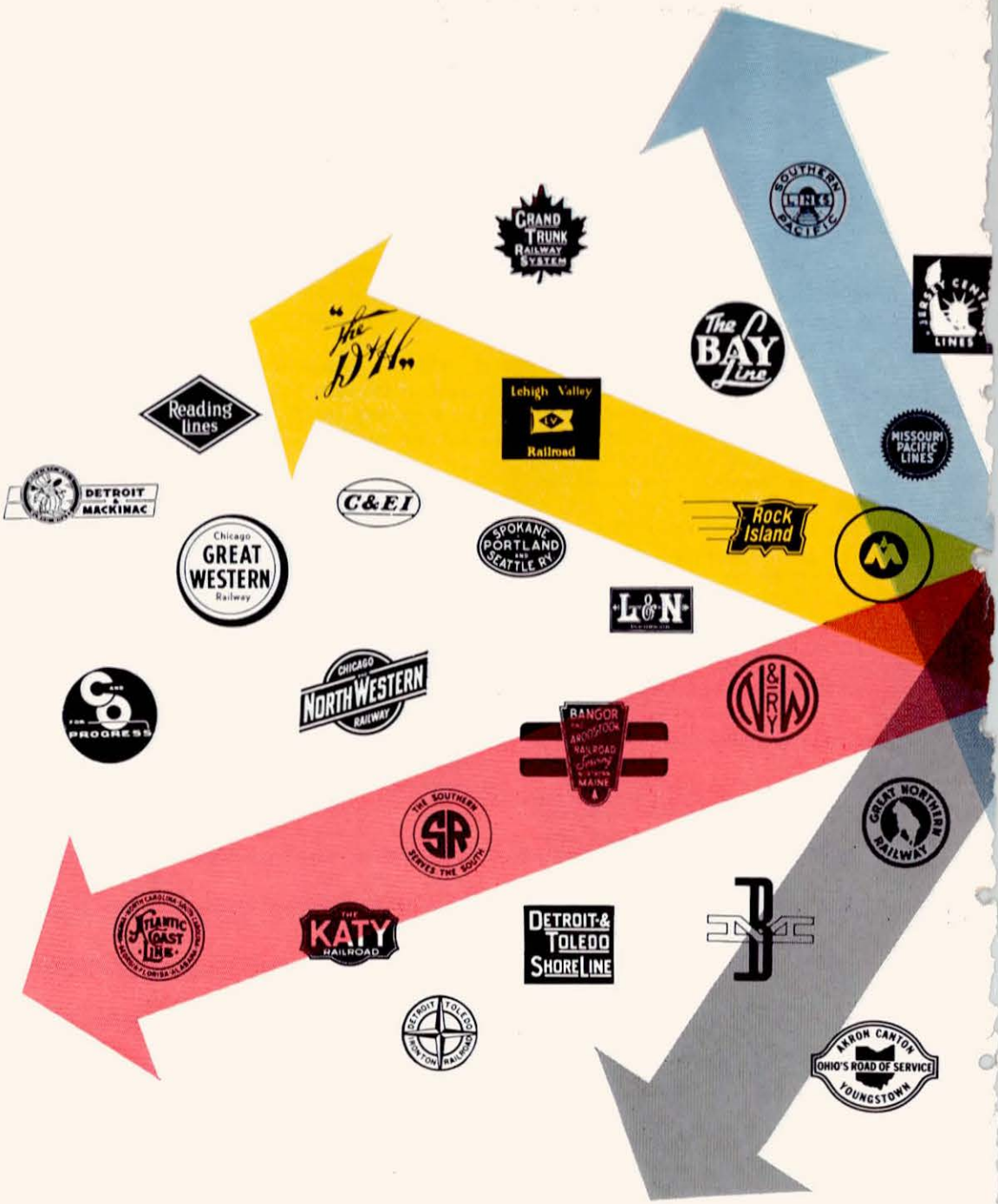
A. Well, it won't be easy. For one thing, Congress ought to put some teeth in the law requiring that parcel post rates reflect all costs—not just those in the Post Office Department accounts. Other government departments pay around $70 million a year toward parcel post costs. Those payments aren't taken into account for rate purposes.

If you want to equalize competition, parcel post rates should also reflect some percentage in lieu of taxes. We pay taxes; they don't. If something like this were put in, maybe the Post Office could begin repaying some of the deficits they've run up in previous years.

Then there's the matter of the rate time-lag. Congress could require that proposed increases be put in on a 30- or 60-day notice, unless the ICC intervenes for some reason other than parcel post shipper protests. Such protests slow up proposed increases for years. The February 1 increase, for example, has been pending since April 1957, and during all this time we've had to try to cope with this low-rate competition. Since the beginning of the 1957 fiscal year we figure that the government's parcel post deficits have been roughly $600 million. If the new schedules had gone into effect three years ago, even though inadequate, they still would have reduced the deficit—and the competition we faced—by some $265 million.

Size and weight regulations, of course, are another bad aspect of this parcel post situation. These hit us, right along with every other carrier in the small-shipment business. The average piece of surface express weighs only 29 lb—we made a year-long study and found that nearly 70% of the rail LCL shipments moved by our company weigh 40 lb or less. And while the average piece of parcel post is around 7 lb, they handle 235 million packages a year exceeding that average.

(Continued on page 22)

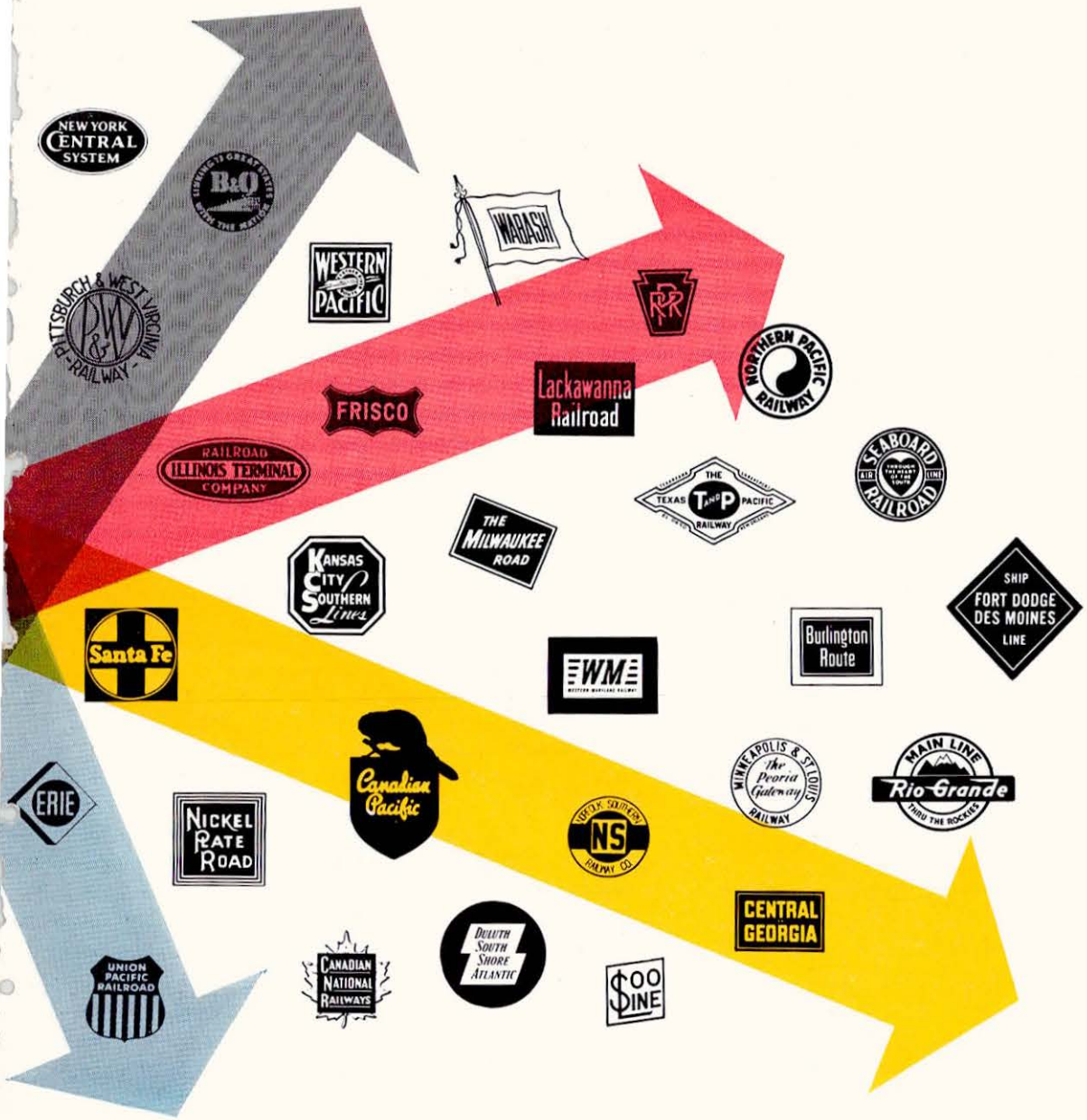


IS YOUR EMBLEM HERE?

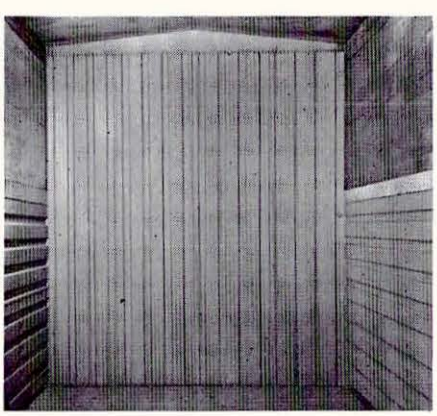
If it is, you're in good company. Each of these railroads utilizes modern freight car equipment to increase operating efficiency and promote customer satisfaction. Seventy-two users, we're proud to say, have chosen N-S-F products to help them do those two essential jobs.

STRAN-STEEL CORPORATION
Detroit 29, Michigan

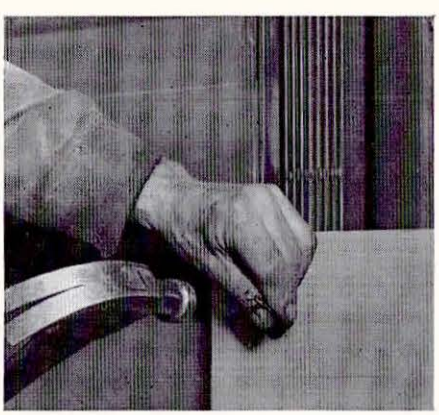
Stran-Steel is a division of **NATIONAL STEEL CORPORATION**



NAILABLE STEEL FLOORING, *with its unique nailing grooves for secure blocking, has been reducing maintenance costs and increasing load versatility for thirteen years. Over 75,000 cars are equipped with N-S-F to carry all types of lading—rough, sacked, finished or bulk.*



STRAN-STEEL ANCHOR LINING, *extending to various heights on the sidewalls and to the full length of the endwalls, protects these vital areas against the damage which commonly causes 70% of rip-tracking. Recessed strap anchors make bracing of lading quick and secure.*



GRAIN DOOR NAILERS, *used with either sliding or plug doors, adapt the nailable steel principle to a formerly vulnerable section of the car. They strengthen doorways and permit repeated nailing of grain doors without ever splintering or weakening the nailers.*

 (*Continued from page 19*)

Q. But this parcel-post problem you outline—that isn't your only competitive difficulty is it? What about private carriers?

A. We have no comeback there, as long as everybody operates by the same rules. That isn't entirely the case, as you know. The government has elected to aid some carriers, and not others, and that situation needs attention. The danger, as I see it, is that parcel post, along with this out-of-balance government assistance to some private carriers, could tip the scales against the express company in the next three of four years. And if this company should go under, and be nationalized, all other small-shipment carriers wouldn't be far behind. It's a pretty dismal prospect, and that's why we're so determined to succeed.

Q. Well, if you're determined to bring the express business around in spite of these handicaps, how will you do it?

A. Our future hinges, I think, on three things: we've got to provide good service; we've got to compete and not try to make do on traffic leftovers; and we've got to operate as economically and efficiently as we can. This latter, as I mentioned earlier, is going to require all the modernization and mechanization we can muster.

Q. And you believe, do you, that these steps will also help clear up the so-called "small shipments" problem you spoke of a few minutes ago?

A. I do. Our new contract gives us the incentive and, not only that, we have an organization here with some 33,000 people whose skills will help us capitalize on that incentive.

This company had to hang on by the skin of its teeth for 30 years. Under our two former contracts, incentives were lacking. There just wasn't the opportunity to do a job. This was an abnormal situation, particularly in a country geared to business efficiency the way ours is. All this is changed now. The public need to eliminate waste in resources, manpower, duplicate services and facilities, in small shipments, will be working in our favor.

You shouldn't overlook either, that we have some trends working for us. The economy is strong, population is increasing. Industry generally is carrying smaller inventories, doing less warehousing, doing more frequent shipping in smaller lots. Truckers and forwarders are emphasizing larger shipments nowadays—5,000 lb and up—so we'd seem to be in a good spot to come back strongly.

Q. Your air and international operations will help you in this, will they not?

A. Yes, because we're well situated in both fields. Air express is up, and air freight is, too. Anyone who doesn't acknowledge a potential growth 30 to 40 times the present air traffic volume is just sticking his head in the sand.

We're looking into this air freight picture right now. We have the ground service organization which covers not only the points having direct air service, but thousands of off-airline points as well. In view of the potential we see there, we figure we can work out a sizeable role for this company.

Q. Mr. Johnson, what position have the unions taken on the program you've outlined here?

A. We hope we can work out compatible agreements, and we hope the unions won't enforce demands that might destroy more jobs than they help. We are going to have to shift our operations around and change some terminal and vehicle procedures. We know some employees may be concerned about such things. In the main, though, I think we'll be able to work things out, and in such a way that our customers will benefit, too.

Q. What operations changes do you have in mind other than working out the small-town office problem?

A. Well, we're already in piggyback operations, using five railroads, and right now we're loading and dispatching 52 trailers, Railvans and Flexi-Vans a day. This service is between 12 major cities, mostly in the East, but also as far South as Atlanta. We're also setting up three experimental programs for test in 1960.

One program contemplates use of 20-ft demountable trailers, to be moved from express terminals to team tracks, where a mobile overhead lifting device will transfer them to flat cars for movement in fast freight train service. Another system will use various size magnesium containers on flat cars in passenger train service, providing for fast transfer to station-type trucks at intermediate points during normal station time. The third test will involve use of multiple standard size containers, connected or used separately, on bogey wheel and axle assemblies as a trailer, or without the bogeys as containers. In this latter experiment, we expect the container-trailer setup will be adaptable to combination rail and over-the-road hauls.

Q. You haven't commented on line-haul routing. Will you be making changes there, too, under your new contract?

A. We expect to. In fact, this is extremely important to our future. But these changes will take time and study. Up to now, some 50 to 60 shifts have been approved and placed in effect.

In some cases, we are shifting to REA over-the-road trucks, leaving rail routes entirely. In others, we are shifting traffic between rail carriers. This is true particularly at gateway and other cities where we have two or more railhead terminal operations. Savings are possible, as you can appreciate, where we can reduce, or even eliminate, the business of sorting and jockeying traffic to and from various terminals in the same city. We did that in the past, to accommodate historical rail-haul patterns.

Then, in addition to savings resulting from the office consolidation program, we anticipate considerable savings and service improvements through a plan of key point operations. Here rail line hauls would be used between major points, with the required number of new truck hauls radiating out like spokes to link them with surrounding key offices.

Q. Mr. Johnson, you indicated a moment ago some concern that the express company risks nationalization if present rehabilitation efforts aren't successful. Would you care to amplify?

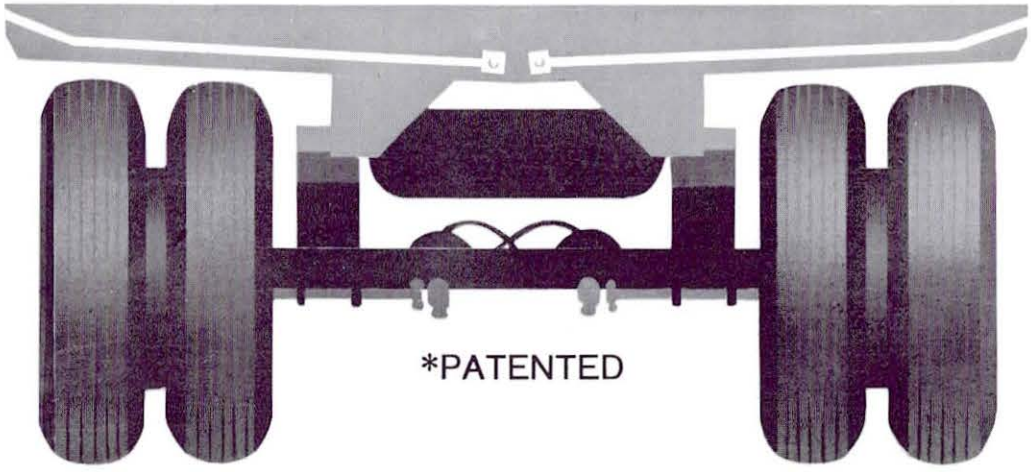
A. I will, because I think it's a real danger. In the first place, we have only about 18 months to get the business going in the right direction. If we don't succeed, for any reason, there would seem to be only two alternatives—nationalization, as some have proposed already, or liquidation. And I'm afraid nationalization would be the more likely if a choice had to be made.

Another bad part of this, to me, is that if express were to go under, others would be bound to follow. If you couple our operation with parcel post, all as a government system, it would only be a matter of time before truckers, forwarders and other small shipment carriers would be forced to the wall.

STRICK TAINER*

The common denominator of transportation! With this revolutionary concept in freight handling, Strick changes a "container" from a box to a

SYSTEM



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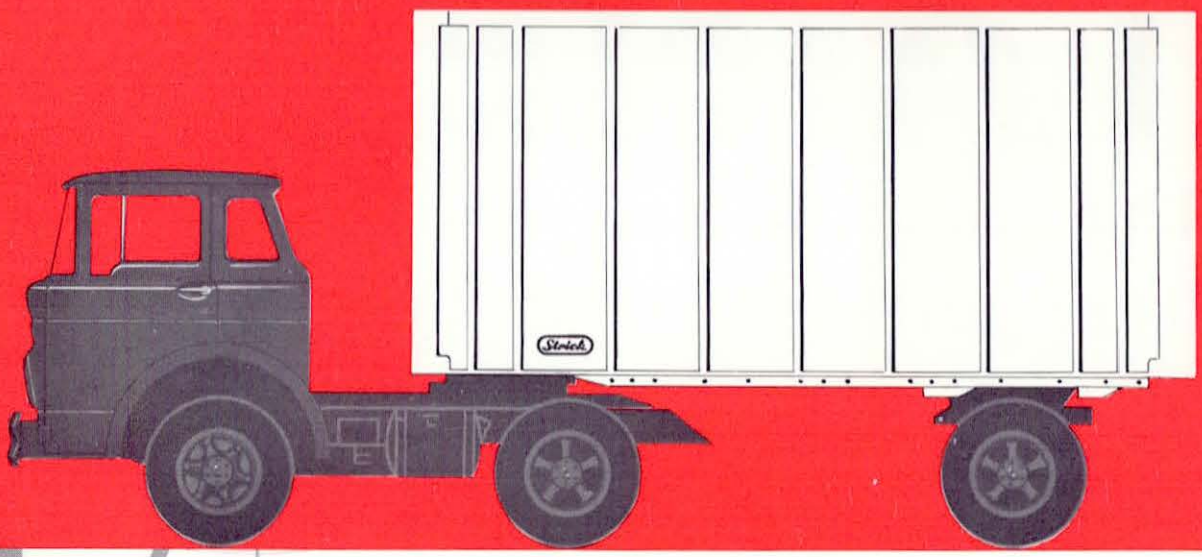
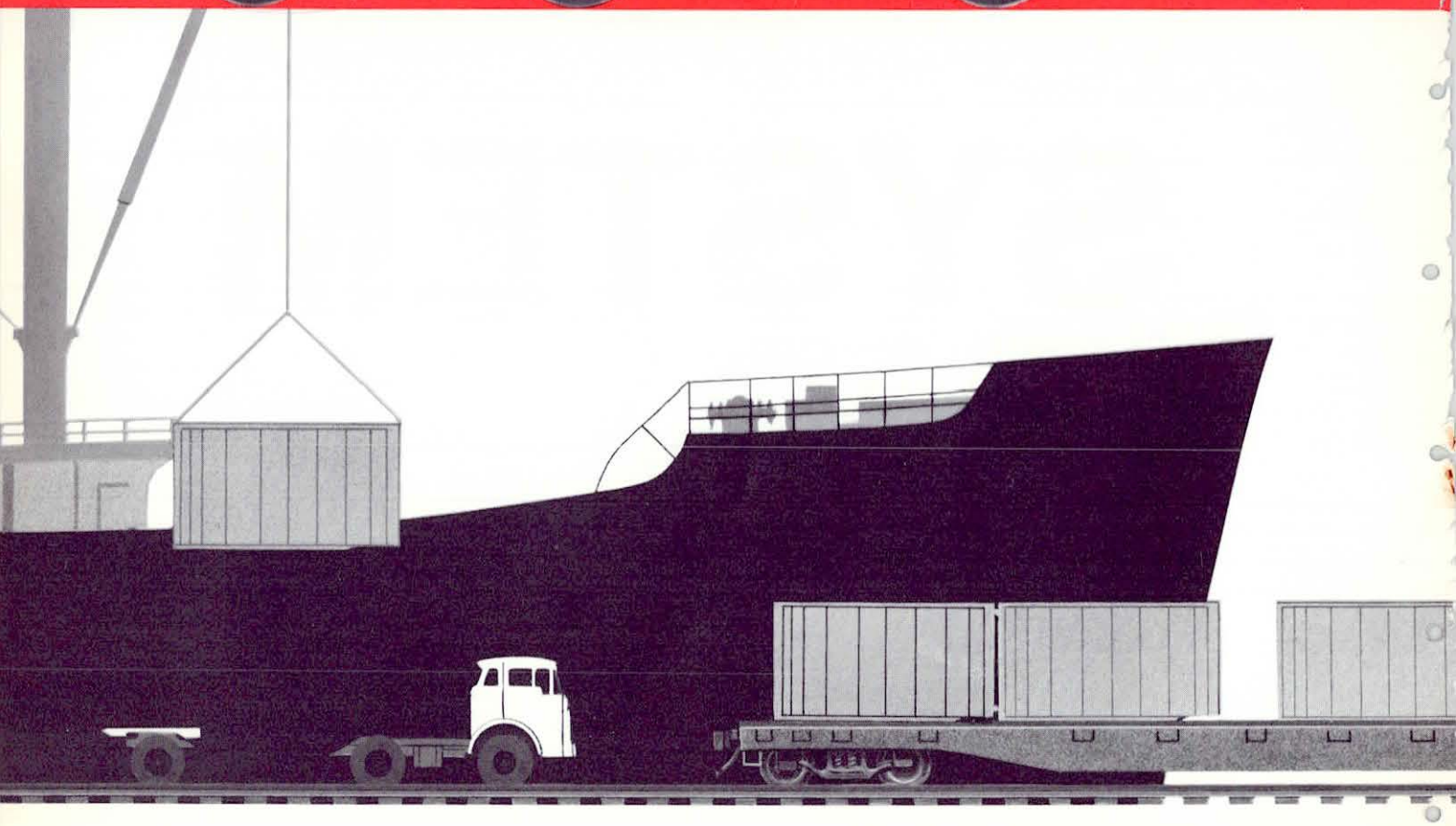


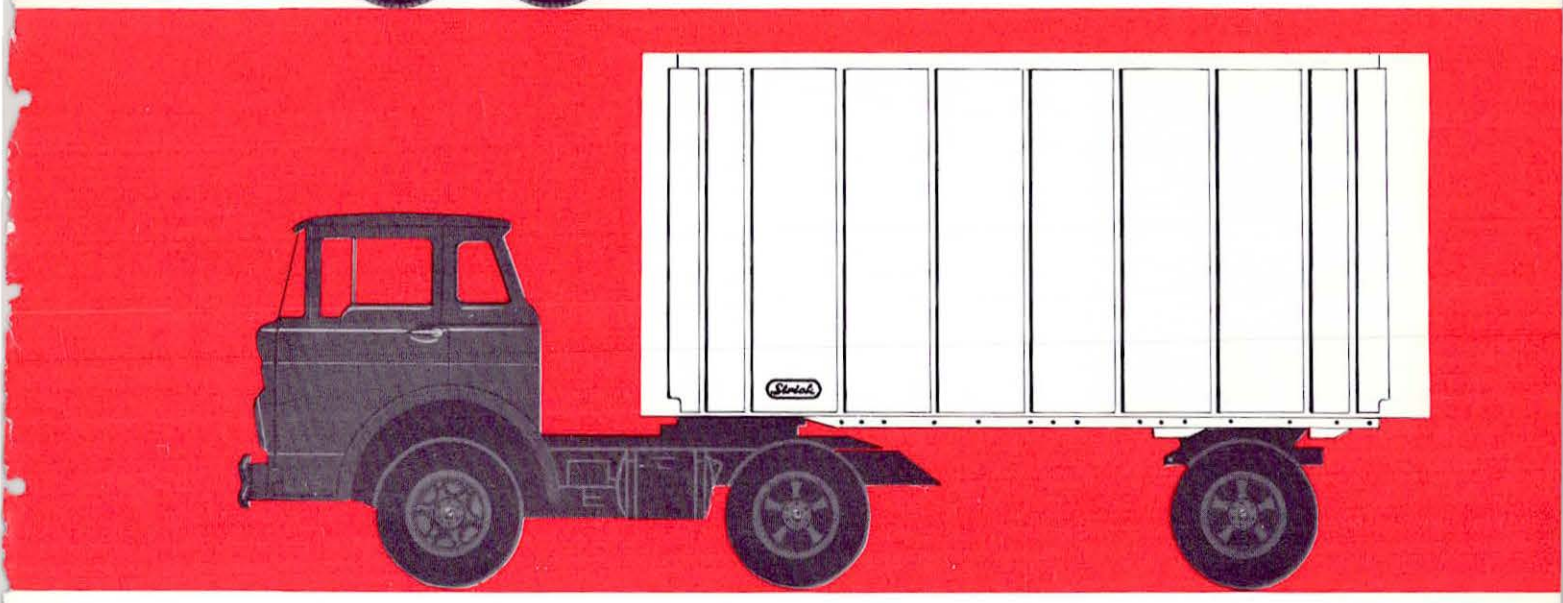
SPLIT APART

Using a *conventional tractor* alone, Strick-Tainers can be separated into two 20′ city units for local deliveries. Coupling and uncoupling are speedy and automatic, easily managed by the driver alone.



THE STRICK-TAINER* SYSTEM

40-FT. OVER-THE-ROAD VAN is made up of two 20′ Strick-Tainers pulled by single tractor. Tandem axles may be moved with ease to meet requirements of state lines. Each Strick-Tainer has a built-in, folding-type landing gear for standing as a 40′ combination unit, or individually as a 20′ single unit.

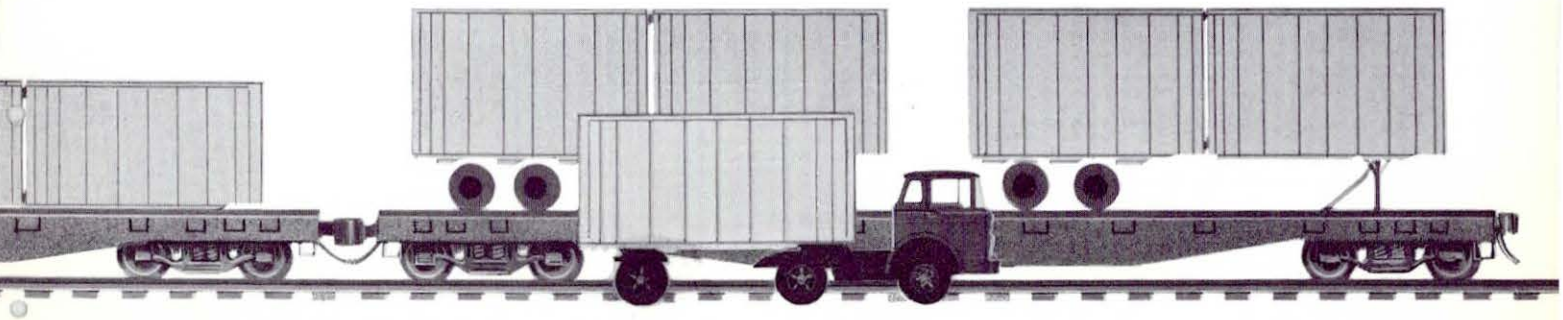


STRICK FLEXI-VAN CARS, ideal for use in combination with Strick-Tainers, are now standard equipment on the lines of leading transportation companies.

BY RAIL, Strick-Tainer units are loaded efficiently and quickly on Flexi-Van cars or railroad cars with conventional hitches. Each car carries four 20′ containers or city trailers.

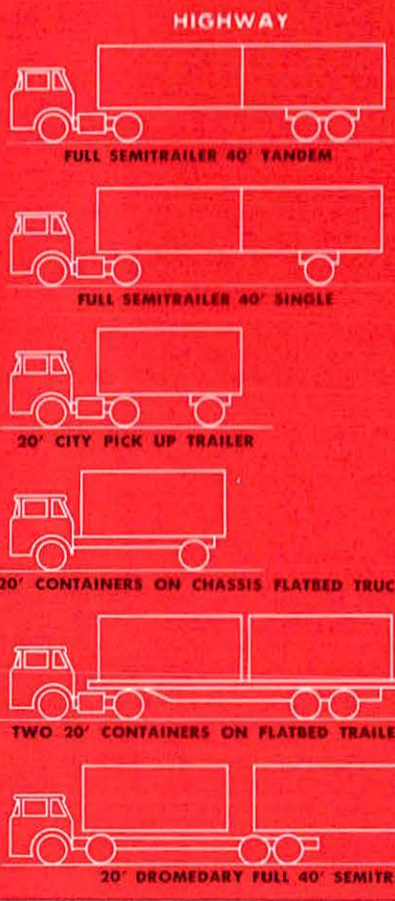
BY SEA, Strick-Tainer units are stowed above or below decks with conventional or special loading devices. Strick-Tainers can be nested vertically without additional equipment. They will hold up under a 30° tilt, without special lashing or tie-downs.

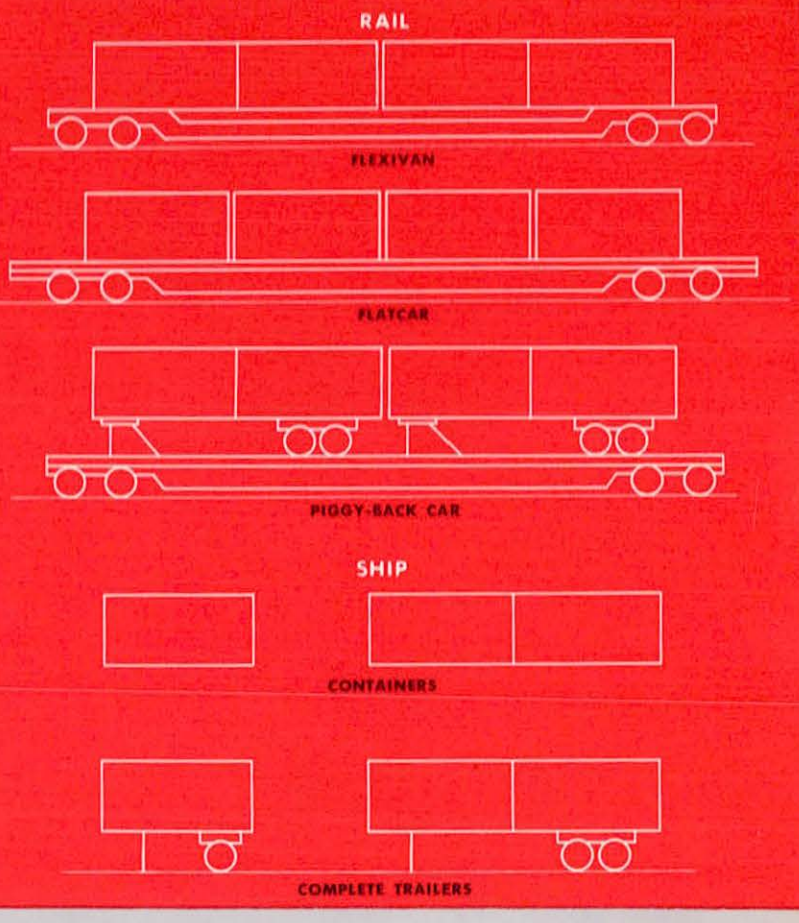
Once again, in developing the Strick-Tainer system, STRICK makes a unique investment to advance the progress of the transportation industry . . . an investment to make more money for *you*.



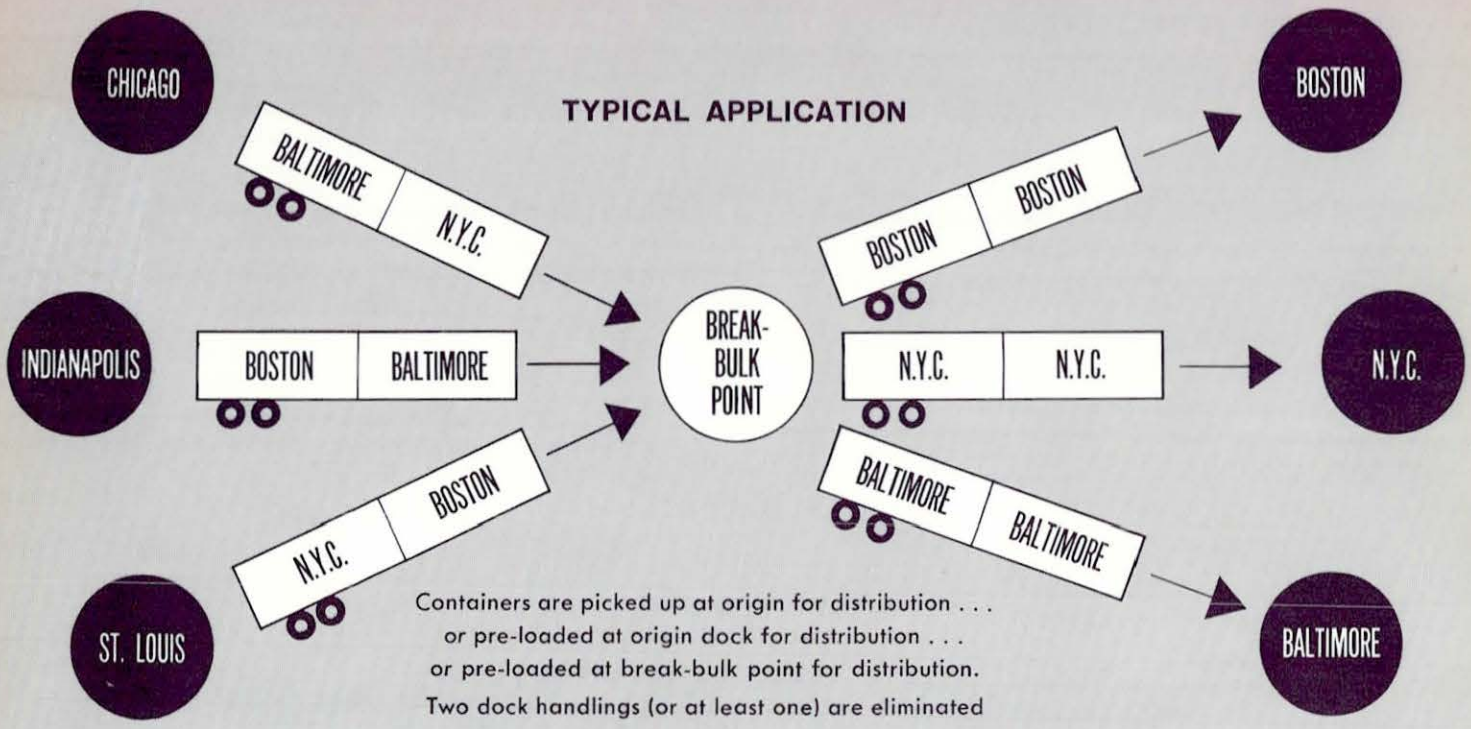
amazing adaptability of the

STRICK-TAINER* SYSTEM


HIGHWAY
FULL SEMITRAILER 40' TANDEM
FULL SEMITRAILER 40' SINGLE
20' CITY PICK UP TRAILER
20' CONTAINERS ON CHASSIS FLATBED TRUCK
TWO 20' CONTAINERS ON FLATBED TRAILER
20' DROMEDARY FULL 40' SEMITRAILER



TYPICAL APPLICATION



Containers are picked up at origin for distribution . . .
or pre-loaded at origin dock for distribution . . .
or pre-loaded at break-bulk point for distribution.
Two dock handlings (or at least one) are eliminated

GET THE FACTS TODAY!

Make an appointment to visit the Strick-Tainer production line in Philadelphia . . . or ask your Strick representative to bring this important story to your office. STRICK TRAILERS, P.O. Box 5037, Philadelphia 11, Pa. Plants in Philadelphia . . . Perkasie, Pa. . . . Chicago.

Strick

*PATENTED

rules do not interfere with reasonable switching service . . . but this is not to be construed to mean that we are not penalized by them. We certainly know they add to the cost of rail service and prevent ourselves and our customers from receiving its full benefits."

P. T. Catalano, traffic manager for Steelcase, Inc., Grand Rapids, Mich., thinks the requirement for three men on diesels is "a classic example of 'three's a crowd.' . . . The brakeman could easily be trained to perform whatever duties may be required of the 'fireman'." And another man calls five-man crews on switchers "silly."

Only one respondent—who asks not to quoted by name—expresses the opinion that work rule changes would not be of particular benefit to shippers, and he takes that view only because he thinks any resultant saving would be passed on primarily to stockholders. "I am thoroughly in agreement," he emphasizes, "with the railroads' stand against 'featherbedding,' but think the carriers should show the public that its elimination will result in a saving in transportation costs for both passengers and shippers."

Where 'Work Rules' Become 'No Work' Rules

As stated in the "Proposition" of this month's Traffic Poll, Railway Age believes industrial traffic managers can render a genuine service to railroads, railroad employees and shippers, by publicizing instances in which working rules operate against the long-range welfare of all three groups. The instances cited below come from a cross-section of shippers—broadly representative as to areas and industries but necessarily limited in number. Railway Age will welcome information from other shippers of other cases in which work rules harm everybody, help nobody.

"Our plant is located within the ..... switching district. However, according to railroad working rules, we are outside said limits and have to be served by a so-called line-haul crew. This generally causes delay on delivery of carload shipments of from two to three days, and makes motor carrier service more desirable. If equitable and up-to-date working rules could be conceived, much of our truck tonnage could be diverted to rail."

"On several occasions, switching crews—because of working hour regulations—have had to stop work for many hours within half a mile of our plant. Many hours of loading time have been lost—plus delays in shipments."

"The ..... serves a warehouse we operate. The property is 0.4 miles from our carloading station, located on the ..... Because of an unbusinesslike labor-management agreement, the ..... does not interchange directly at a point only four blocks from the warehouse. Our cars are carried 17.1 miles and take three to four days before we can get them. Consequently, we avoid rail service involving the two locations, even though trackage at the nearby point is laid out out perfectly for interchange."

"Track space in our plant is limited, which necessitates our having two shifts a day to bring in raw materials and pull out loaded cars. When the railroads make reductions in service for economic reasons they naturally cut the most costly five-man switching crews, leaving us with one shift a day. Three-man crews would assure us of continued service on two shifts a day."

"Between ..... and ..... we operate our private railroad, partly over our own rails and partly on a wheelage agreement with the ..... for operation over their rails. While our railroad handles a substantial volume of traffic, it is entirely restricted to movement of our own freight. We are harassed and restricted continually by brotherhood working rules that prevent us from doing an efficient job because the common carrier, by our actions, would be subjected to payment of wages to its own train crews operating in the area. We have encountered other instances where working rules have resulted in both unsatisfactory service and an unwarranted, unrealistic cost."

"Our plant is located within 50 yards of one of the classification yards of a large Eastern railroad, yet we cannot have cars put on our siding except at the time of day we are supposed to have a switch. If a 'hot' car comes into this yard, say, one hour after our last switch, we must wait at least 12 hours and sometimes 24 hours for it to be placed."

"We have had several experiences in which the switch engine assigned to our area, though radio-equipped, could not be contacted to perform a direly needed service. The crew contends that a radio operator should be assigned to the engine and they will not answer the radio. They already have so many men riding the engine that I don't know where they would put another."

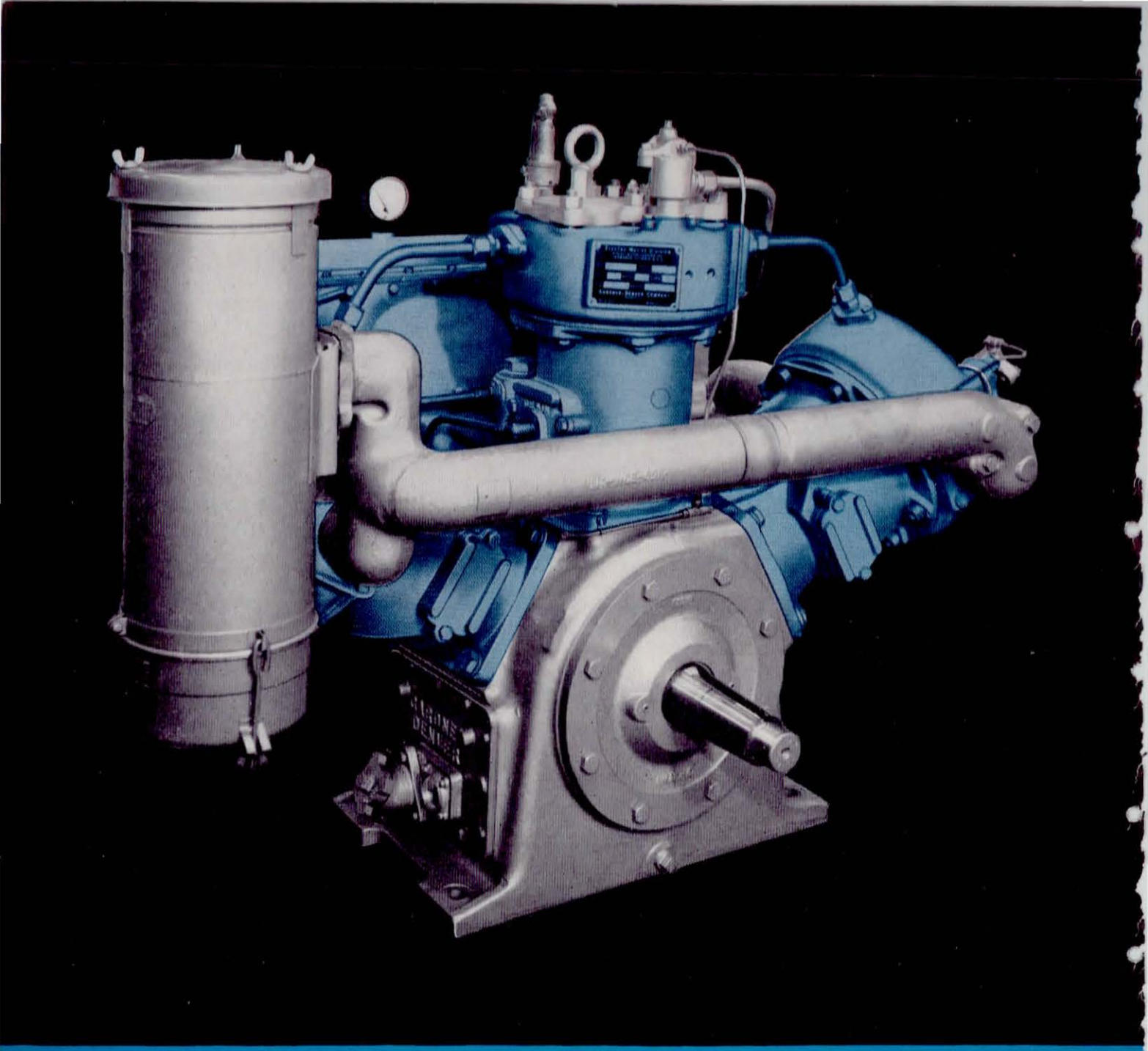
"Our plant is within switching limits, but outside yard switching limits. All switching must be done by a road crew —not a yard crew. We can only have one switch per day. Under no circumstances will the railroad use a yard crew to do our work because of the extra cost involved."

"Substantial improvement could be made in rail LCL service if the carriers were permitted to operate transfer stations without being obliged to pay excessive penalties for Saturday and Sunday work."

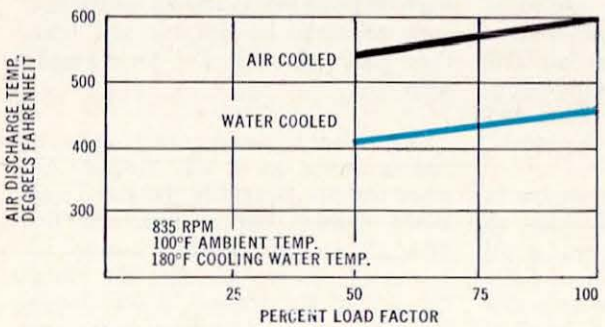
"There are many cases where through trains pass local industries and can't set out or pick up a car without the train crew receiving an extra day's pay at local rates, so the car is spotted the following day by a local crew."

"One of the most wasteful practices —besides the fireman who tends no fire—is the method of delivering interchange freight between carriers in big terminals. Example: Railroad A has a train of 30 cars for Railroad B. A makes delivery to B with an engine and train crew, who return as a light engine and caboose even though B may have a return delivery ready for A. Result: Each railroad has to use an engine and crew to make its delivery and bring them back light. This just doesn't make sense."

"Our plant is outside switching limits, and is served by a way freight. Another plant is located in the same area. When running out of time, the first plant always gets its switch, and we are by-passed, as we are the last switch this side of the terminal. A way freight should be permitted to switch the area completely or by-pass it entirely. As it now stands, it breeds hard feeling and ill will between the industry and the carrier."



REDUCES AIR DISCHARGE TEMPERATURE 145-150 DEGREES



This graph illustrates how the water-cooled air compressor operates cooler even when the load factor is increased steadily.

ELECTRO-MOTIVE AIR COMPRESSOR CONVERSION KITS

LOCOMOTIVE MODEL	From Air Cooled Compressor	To Water Cooled Compressor	Conversion Kit Part No.	Cooling System Piping Drawing
GP	WXE WXO	WBO* WBO	8237123 8237123	8242802 8242802
F "A" UNIT	WXE WXO	WBO* WBO	8237123 8237123	L-8470 L-8470
F "B" UNIT	WXE WXO	WBO* WBO	8237123 8237123	L-8472 L-8472
E	ADX ADJ	ABO ABO	8243460 8243460	8236521 8236521

*REQUIRES TWO HIGH CAPACITY LOW PRESSURE PISTONS IN ADDITION TO KIT

REFERENCE: CATALOG 90 PARTS GROUP 1100

Present model air compressors can be converted to efficient, low maintenance water cooling. For further information, contact your Electro-Motive representative.

Electro-Motive Air Compressor Kit . . .

Converts air-cooled compressors to water cooling for extended life, lower maintenance

Continuous operation at a 100% load factor

Present day operations place heavier demands on air compressor performance. To match these conditions, Electro-Motive has developed air-to-water conversion kits to assure top compressor performance under the most severe and continuous operating conditions. Temperature remains constant, even at a 100% load factor. Water cooling substantially improves efficiency, while reducing maintenance requirements.

Eliminates damaging oil breakdown

High-temperature operation of air-cooled compressors causes vaporization of lubricating oils which can penetrate brake systems and damage hose and valve parts. The constant temperature feature of a water-cooled compressor eliminates oil vaporization. Water cooling also provides better lubrication of compressor parts by maintaining constant viscosity, thus checking varnishing and reducing oil waste.

Simple, economical installation

Air-to-water conversion is accomplished very simply and inexpensively. Electro-Motive kits contain all necessary component parts for conversion—new cylinders, cylinder heads, intercooler and manifold assemblies. With a small amount of additional piping, the compressor obtains its coolant from the engine cooling system.

Immediate delivery

Electro-Motive's nine on-line warehouses offer convenient, prompt delivery of water-cooled conversion kits:

Los Angeles, California
Emeryville, California
North Salt Lake, Utah
Fort Worth, Texas
St. Paul, Minnesota
Halethorpe, Maryland
Jacksonville, Florida
Hazelwood, Missouri

La Grange, Illinois (factory and parts center)

GENERAL MOTORS LOCOMOTIVES

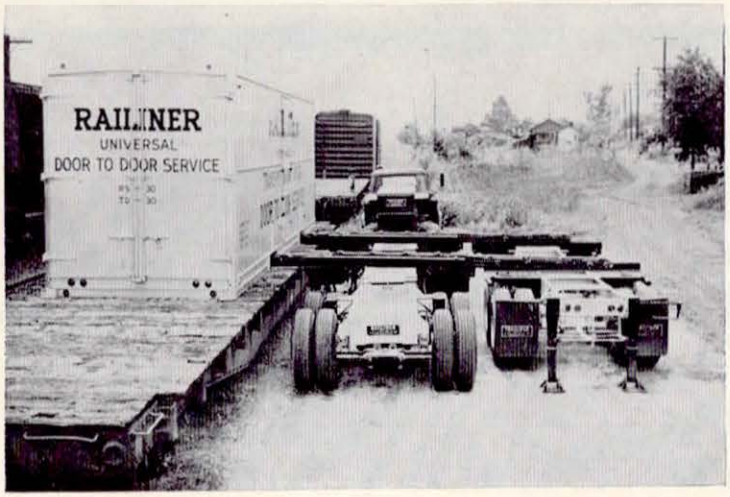
ELECTRO-MOTIVE DIVISION
GENERAL MOTORS · LA GRANGE, ILLINOIS
Home of the Diesel Locomotive
In Canada: General Motors Diesel Limited, London, Ontario

RAILINER...

now offers you either bottom or top lift for piggyback service!

RAILINER TRAVELIFT . . . one man can side load or unload any size container or trailer up to 40 tons in about 5 minutes.

RAILINER BOTTOM LIFT . . . one man can side load or unload any size or weight container in about 5 minutes.



RAILINER distributes Travelift*. As top lift operation, it straddles both rail and road . . . side loads or unloads containers or trucks. You get these advantages: high capacity . . . lifts 40 tons; fast acting . . . one operator can complete loading or unloading operations in about 5 minutes; its flexible . . . works anywhere, carries almost anything.

RAILINER bottom lift gives you parallel side loading and unloading. One operator handles complete transfer operations in about 5 minutes; has low maintenance; it's flexible . . . works anywhere.

RAILINER containers in piggyback require less capital expenditure because the purchase of containers to chassis develops at least a ratio of 2 containers to one chassis.

RAILINER Demountable Trailers (containers & telescoping chassis) are available in all sizes and types, or can be designed to fit your specific requirement.

You can purchase or lease either Remountable Trailers or Transfer Equipment on short or long term basis. Permit us to furnish you complete data.

*Manufactured by Travelift and Engineering, Inc., Sturgeon Bay, Wisconsin.

RAILINER Incorporated

Empire Building, Birmingham 3, Alabama

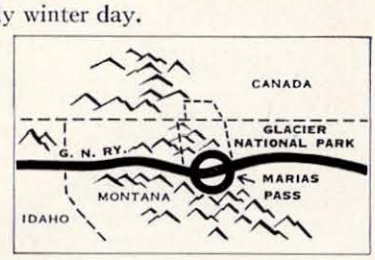
He conquered the Rockies for an Empire Builder

Seventy years ago a 36-year-old civil engineer battled a roaring blizzard in 40 below zero weather to explore an elusive pass in the Rocky Mountains of northern Montana. This epic of human courage proved the passage existed and opened the way for Great Northern's low-level route between the Great Lakes and the Pacific Ocean.

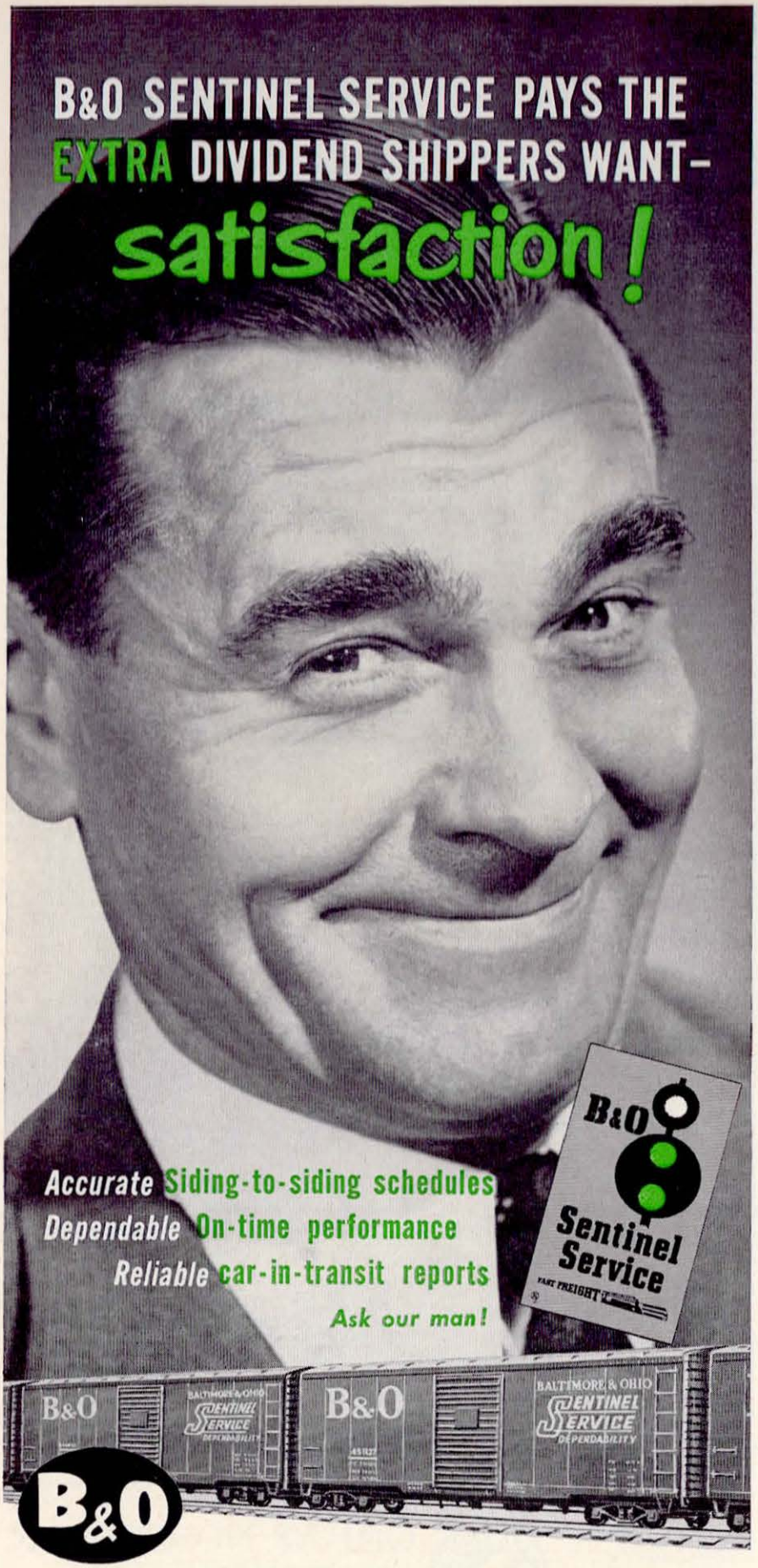
John F. Stevens was determined to fulfill successfully an assignment from a man he never had seen—James J. Hill, the budding empire builder, who was confident that a low pass suitable for his Great Northern tracks across the formidable Rockies existed along the Continental Divide less than 100 miles south of Canada. Maps showed a Marias Pass in this region, but there were no records that white men had explored it. Meriwether Lewis of the Lewis and Clark expedition vainly sought the pass and gave it its name in 1806.

Snow was already deep in the Rockies when Engineer Stevens took the job of locating the fabled pass. Factual information on the mountainous region was slim, and illness of his Indian guide forced Col. Stevens to alone make his successful reconnaissance of the Continental Divide on that bitterly cold and blizzardy winter day.

The doughty engineer's conquering of the Rockies gave Great Northern the lowest rail crossing of the Continental Divide in the United States north of New Mexico. Marias Pass is only 5,213 feet above sea level—an extremely low-altitude route through which Great Northern passenger and freight trains surmount the Montana Rockies with time-saving ease.



GREAT NORTHERN RAILWAY



Dividends Declared

CAROLINA, CLINCHFIELD & OHIO.—$1.25 quarterly, paid Jan. 20 to holders of record Jan. 8.

CHICAGO, BURLINGTON & QUINCY.—$1.50, payable March 31 to holders of record March 14.

CHICAGO GREAT WESTERN.—common, 50¢, quarterly; 5% preferred, 62½¢ quarterly, both paid Dec. 31, 1959, to holders of record Dec. 22.

CINCINNATI INTER-TERMINAL.—4% preferred, $2 semiannual, payable Feb. 1 to holders of record Jan. 20.

DETROIT & MACKINAC.—5% noncumulative preferred, $5, paid Jan. 15 to holders of record Jan. 4.

GREEN BAY & WESTERN.—$5, payable Feb. 8 to holders of record Jan. 22.

MAHONING COAL.—common, $7.50, quarterly, paid Dec. 31 to holders of record Dec. 28; 5% preferred, $1.25, semiannual,, paid Jan. 1, to holders of record Dec. 28.

MICHIGAN CENTRAL.—$25, semiannual, payable Jan. 31 to holders of record Jan. 21.

NASHVILLE & DECATUR.—guaranteed, 93¾¢, semiannual, paid Jan. 2 to holders of record Dec. 21.

NORFOLK & WESTERN.—adj. preferred, 25¢, quarterly, payable Feb. 10 to holders of record Jan. 21; 6% preferred, 15¢, quarterly payable Feb. 1, May 2, Aug. 1 and Nov. 1 to holders of record Jan. 15, April 14, July 15 and Oct. 14, respectively.

NORTHERN CENTRAL.—$2, semiannual. paid Jan. 15 to holders of record Dec. 31.

NORTHERN OF NEW HAMPSHIRE.—$1.50, quarterly, payable Jan. 30 to holders of record Jan. 14.

NORTHERN PACIFIC.—55¢, increased quarterly, payable Jan. 29 to holders of record Jan. 8.

NORWICH & WORCESTER.—8% preferred, $2, quarterly, paid Jan. 2 to holders of record Dec. 15.

PENNSYLVANIA.—25¢, paid Dec. 28 to holders of record Nov. 30.

PIEDMONT & NORTHERN.—$1.25, quarterly; $2, extra, both paid Dec. 28 to holders of record Dec. 14.

PITTSBURGH, FORT WAYNE & CHICAGO.—7% preferred, $1.75, quarterly, paid Jan. 5 to holders of record Dec. 10.

PITTSBURGH & LAKE ERIE.—$1, quarterly, paid Jan. 15 to holders of record Jan. 4.

PITTSFIELD & NORTH ADAMS.—$2.50, semiannual, paid Jan. 4, 1960, to holders of record Dec. 18, 1959.

READING.—4% 2nd preferred, 50¢, quarterly, paid Jan. 14, 1960, to holders of record Dec. 17, 1959.

RICHMOND, FREDERICKSBURG & POTOMAC.—voting common, $1, quarterly, extra, $1; dividend obligation $1, extra, $1; 6% guaranteed, $2, extra, 7% guaranteed, $2, extra, all paid Dec. 16 to holders of record Dec. 2.

ST. LOUIS SOUTHWESTERN.—5% preferred, $5, annual, payable Jan. 25 to holders of record Jan. 18.

SARATOGA & SCHENECTADY.—$1.50, paid Jan. 15 to holders of record Jan. 2.

SOUTHERN PACIFIC.—New common, 28¢, initial quarterly, paid Dec. 21 to holders of record Nov. 30.

TENNESSEE, ALABAMA & GEORGIA.—vtc., 25¢, paid Dec. 21 to holders of record Dec. 9.

TEXAS & PACIFIC.—common, $1.25, quarterly; 5% preferred, $1.25, quarterly, both paid Dec. 31 to holders of record Dec. 23.

UNION PACIFIC.—30¢, quarterly; extra, 40¢, both paid Jan. 2, 1960, to holders of record Dec. 7, 1959.

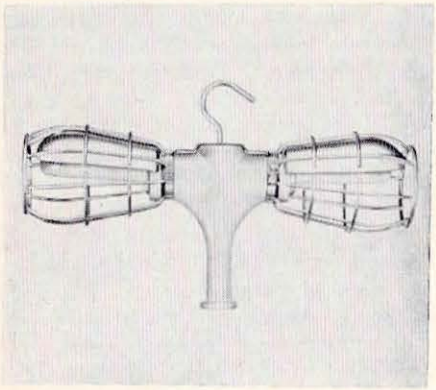
WARE RIVER.—$3.50, semiannual, paid Jan. 6, 1960, to holders of record Dec. 18, 1959.

WESTERN MARYLAND.—new common, 45¢, initial; new 7% 1st preferred, 70¢, initial quarterly; new 4% 2nd preferred, 40¢, initial quarterly; new 5% 1st prefered, 15¢, initial quarterly, all paid Dec. 30 to holders of record Dec. 17.

WESTERN PACIFIC.—stock dividend, 5%, paid Dec. 29 to holders of record Dec. 10.

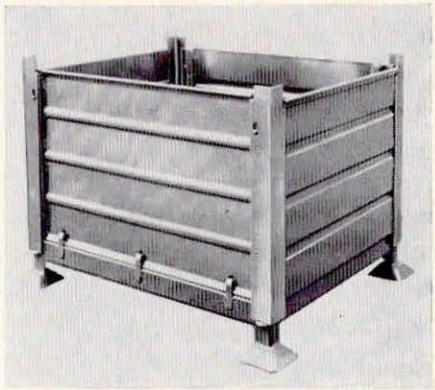
WHEELING & LAKE ERIE.—common, $1.43¾, quarterly; 4% prior lien, $1, quarterly, both payable Feb. 1 to holders of record Jan. 8.

New Products Report



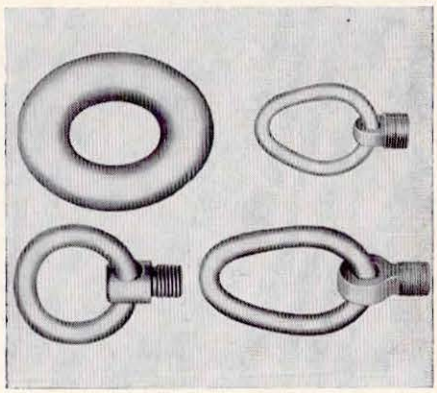
Loading Light

A double-light portable hand lamp—the "Protex Loading Light"—is designed to increase speed and safety of loading operations, and reduce damage, by providing a greater volume of light at points where freight is handled. The new lamp includes a "safety yellow" handle; watertight sockets; steel wire guards; full-length reflectors; and sturdy hanging hook. *Daniel Woodhead Co., Dept. RA, 15 North Jefferson Street, Chicago 6.*



Folding-Stacking Boxes

New corrugated folding-stacking boxes for shipping and storage are said to provide greater convenience in handling materials and permit important space-saving economy in plants and warehouses. The welded boxes, manufactured to customer specifications, form complete units without any small parts. They can be set up and folded by one man, without special tools. *Palmer-Shile Co., Dept. RA, 15984 Fullerton, Detroit 27, Mich.*

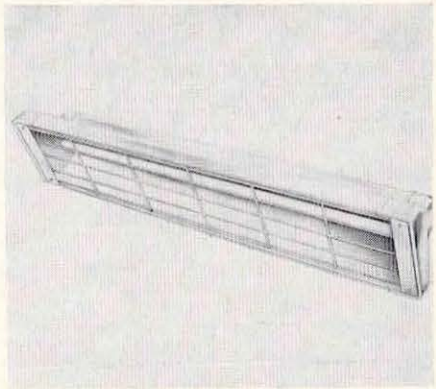


Tie-Down Assemblies

A new line of tie-down ring assemblies, plate nuts and eyebolts is now available for handling cargo of all types on flat cars, trucks, trailers, ships and aircraft. The equipment can be used with canvas webbing, wire or rope. It is designed and engineered to meet both comercial and military requirements, and is available in capacities from 5,000 to 25,000 lb. *Puritas Metal Products Co., Dept. RA, 16116 Puritas Rd., Cleveland 35, Ohio.*

Unitized Pallet Pack

Minimization of damage, reduced lost-in-shipment risks, and single bulk shipment are advantages claimed for the unitized pallet pack in which Spring-Pak lubrication pads are now shipped. Each unit contains a standard number of items, and the complete load can be moved by fork truck. Because of the more efficient stacking possible, less storage space is needed. *Spring Packing Corp., Dept. RA, 332 S. Michigan Ave., Chicago 4.*



Spot Heater

A weatherproofed instantaneous infrared spot heater can be used in railroad stations or cargo handling areas, either indoors or outdoors. By providing heat only when and where it is needed, the new unit, named "Solaray," eliminates the need to heat an entire building while work proceeds only in one section. "Solaray" is available in 110-, 208- or 230-volt units. *Wiggin Products Co., Dept. RA, 50 Terminal St., Boston 29, Mass.*

Car Puller

The No. 14H car puller can, the manufacturer says, "bring the power of a locomotive to one-man car spotting jobs while affording greater safety to operating personnel." Because the unit is totally enclosed, and weathertight, the operator is protected from moving parts, and no special housing is required. The wire rope dead ends into the clutch-controlled drum. *Stephens-Adamson Mfg. Co., Dept. RA, Ridgeway Ave., Aurora, Ill.*

Whether pick-up or delivery...

is at rail-siding or truck-dock, SEATRAIN and SEAMOBILE give you the smoothest, safest and most dependable way to move goods and SAVE money.

SEATRAIN transports your cargo in any type of rail car between the ports of New York, Savannah, New Orleans and Texas City.

SEAMOBILE provides highway container pickup and delivery service between New York-New Orleans or New York-Texas City.

Your booking is guaranteed.

SEAMOBILE
SEATRAIN LINES *Inc.*

Offices in Boston · Savannah
New Orleans · Houston · Dallas

711 Third Ave., New York 17, N.Y.

Shippers' Guide

A&WP-WofA-Ga

. . . Begin Piggyback

Effective Feb. 12, the Atlanta & West Point, Western of Alabama and Georgia Railroads will establish trailer-on-flat car service between Atlanta and Baltimore, Philadelphia and New York, in connection with the Coast Line, RF&P and Pennsylvania. Tentative schedules call for second-morning delivery; e.g., shipments leaving eastern origins on a Monday night will be ready for delivery in Atlanta before noon on Wednesday.

On or about March 1, the three West Point roads (in conjunction with the Louisville & Nashville) will inaugurate piggyback service between Atlanta and Pensacola, Mobile, New Orleans and southwestern cities. This will be the first TOFC operation between Atlanta and the Gulf Coast and Southwest.

Central of Georgia

. . . Transloading Bulletin

Has published a new brochure outlining transloading privileges now available at Columbus, Ga., and Macon. Copies may be obtained from CofG traffic representatives or from H. C. White, general freight traffic manager, Savannah, Ga.

Chesapeake & Ohio

. . . Extends Piggyback

Has established Plan I piggyback service (for handling motor common carrier trailers) between Chicago and Saginaw, Mich., 315 mi. Is also participating in interline piggyback, in connection with the Rock Island, between Detroit and Denver. Studies looking toward still further expansion of the service are under way.

Clinchfield

. . . Expedites Car Reports

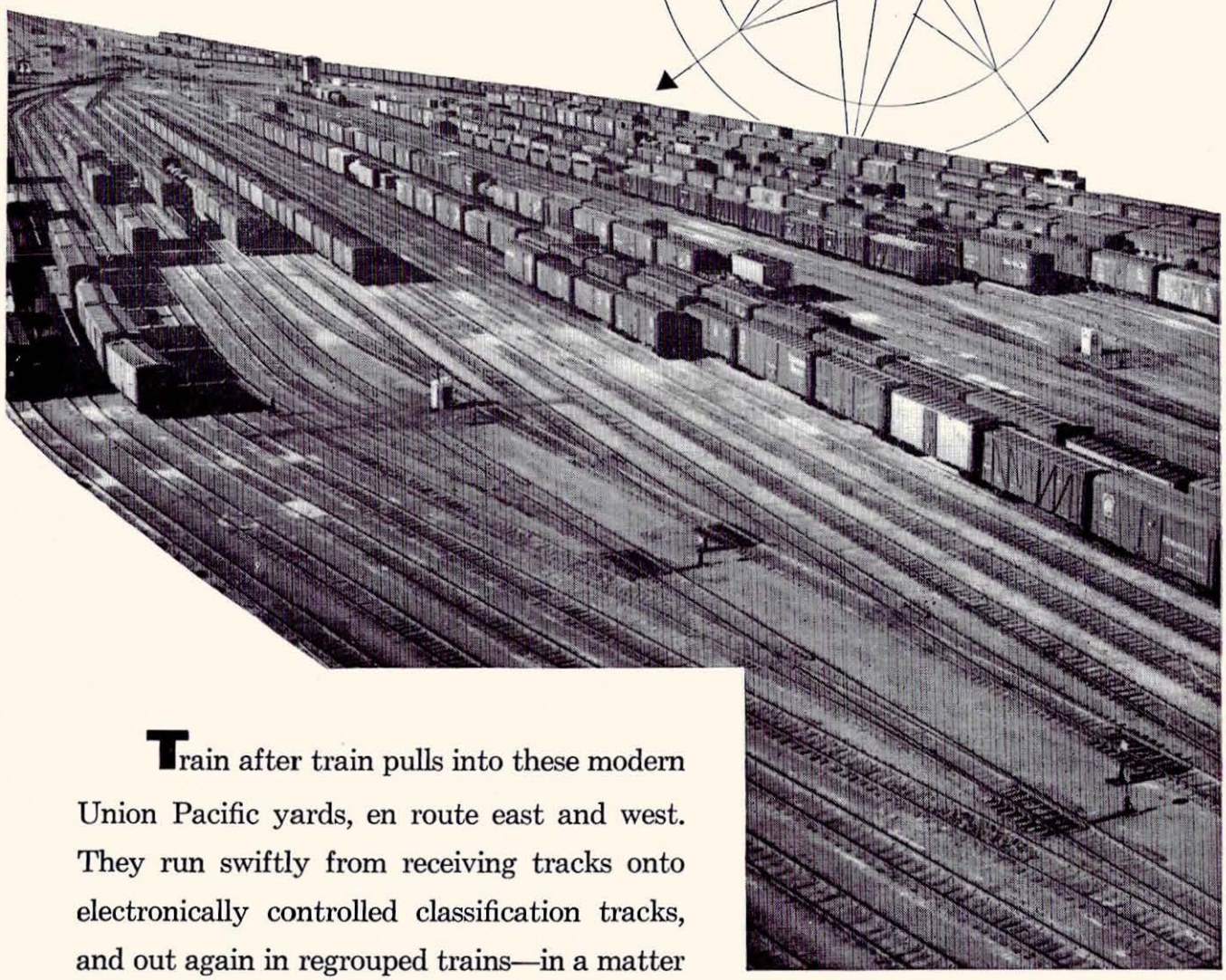
To expedite car reports to shippers, Clinchfield has installed Teletype machines in off-line sales and service offices. Passing records of all cars received from and delivered to connections are transmitted each day from a central location in the general office at Erwin, Tenn., to reach off-line offices from 12 to 24 hours earlier than before.

Pittsburgh & West Virginia

. . . New Freight Train

Has established a new fast freight schedule between St. Louis, Chicago and Philadelphia. The train, designated "Alpha Jet 12," operates via NKP-PWV-WM-Rdg. It leaves St. Louis 5:30 p.m. and Chicago 7:30 p.m.; arrives Philadelphia 6:45 a.m. second morning.

electronic handling speeds your freight



Train after train pulls into these modern Union Pacific yards, en route east and west. They run swiftly from receiving tracks onto electronically controlled classification tracks, and out again in regrouped trains—in a matter of minutes.

When you route your freight "Union Pacific" through the west, your shipments go smoothly and dependably over the vast network of track. This electronic yard is one of many features of modern railroading which keeps your goods moving safely and swiftly.

WHENEVER YOU SHIP
IN OR THROUGH THE WEST

be specific...

say **Union Pacific** RAILROAD

UNION PACIFIC RAILROAD

People in the News

BALTIMORE & OHIO.—Melvin L. Mollman, general freight agent, Baltimore, promoted to freight traffic manager—rates (system) at that point, succeeding **Elmer A. Schofield,** retired. **Millard I. Zimmerman,** assistant general freight agent, promoted to general freight agent in charge of rates, Eastern region, Baltimore. **Richard B. Bockmiller,** chief clerk, office of freight traffic manager, succeeds Mr. Zimmerman.

B. Q. Slaughter appointed division passenger agent, Toledo, Ohio, succeeding **George H. Sinks,** retired.

Charles P. Muendlein, assistant to secretary, appointed assistant secretary of the B&O.

BOSTON & MAINE.—Warren J. Cole, assistant to the president of the B&M, Boston, Mass., named assistant sales manager—marine traffic of the **Mystic Terminal,** B&M subsidiary.

Eugene J. Ratto, attorney, appointed general attorney of the B&M, Boston.

CHESAPEAKE & OHIO.—Edwin G. Long, assistant director of public relations, Cleveland, appointed general public relations manager.

Melvin L. Mollman
B&O

W. P. Heuel
Milwaukee

R. F. Kratochwill
Milwaukee

G. H. Atkinson
Nickel Plate

Clifford B. Campbell
Nickel Plate

Byron K. Smith
SP Pipe Lines

George McCann, assistant to director of public relations, named assistant general public relations manager and manager of public relations services. Under the latter title, Mr. McCann will continue his responsibility for the preparation of brochures, slide films and speeches for other departments, employee publications and the public relations aspects of shareowner relations.

O. C. Sherman appointed assistant to comptroller in charge of C&O general accounting, field audits and accounting for subsidiary and affiliated companies, Cleveland.

MILWAUKEE.—M. P. Burns named general agent, passenger department, Seattle, Wash., replacing **R. E. Schaffert,** retired.

Title of **R. S. Stephenson** changed from vice president and comptroller to vice president-finance and accounting. **W. P. Heuel,** assistant comptroller, appointed assistant vice president-finance and accounting. **R. F. Kratochwill,** assistant comptroller, named comptroller.

NEW YORK CENTRAL.—G. L. Day, road foreman, Lyons, N.Y., appointed trainmaster, Mohawk-St. Lawrence division, Utica, N.Y., succeeding **R. E. MacDonald,** appointed assistant transportation superintendent, Syracuse division, Jersey Shore, Pa. **R. F. Borsos,** road foreman, Corning, N.Y., appointed trainmaster, Mohawk-St. Lawrence division, Utica. **R. H. Sweitzer,** terminal trainmaster, East Buffalo, N.Y., transferred to Selkirk yard. **A. J. DeLuca** appointed terminal trainmaster, Frontier Yard, Buffalo. **R. W. Kernan** named trainmaster, Oakfield, N.Y.

Michael F. Woods and **Charles D. Drake** appointed assistant managers, industrial development department, New York. They will share responsibility for assisting industry in locating new plant sites in territory served by the NYC in New York State, Canada and north central Pennsylvania. Mr. Woods was formerly real estate analyst for the NYC at White Plains, N.Y., and Mr. Drake was a representative in freight sales and service.

Eugene J. Heulsman, engineer maintenance of way, Pittsburgh & Lake Erie, Pittsburgh, named engineer—track construction, NYC System, Indianapolis.

Edward L. Claypole, trainmaster, St. Thomas, Ont., appointed transportation superintendent there.

Robert N. Guess, yardmaster, Southern district, Gibson, Ind., appointed terminal trainmaster there.

Karl F. Miller, district locomotive inspector, Syracuse, named master mechanic, P&LE, McKees Rocks, Pa.

Carl F. Chapman, special projects assistant, office of director of real estate, Chicago, appointed real estate manager there.

Joseph H. Palmer, transportation superintendent, River division, named transportation superintendent, Hudson and Harlem divisions, New York, succeeding **George E. McHugh,** who has joined the New York State Public Service Commission.

Charles B. Martin, valuation engineer, appointed chief valuation engineer, New York, succeeding **Morton Friedman,** retired.

Raymond P. Seddon, district freight salesman, appointed district freight sales manager in midtown and lower Manhattan.

John P. Bannon appointed assistant coal sales manager, New York, succeeding **E. L. Davies,** promoted. **Donald J. Wyman** succeeds Mr. Bannon as coal sales manager, New York.

NICKEL PLATE.—Clifford B. Campbell, assistant vice president—finance and treasurer, Cleveland, became vice president—finance and accounting on Jan. 1, succeeding **William H. Wenneman,** retired. **G. H. Atkinson,** auditor of revenues, named treasurer. **Adrian Heyboer,** auditor of machine accounting, promoted to general auditor. **Walter F. Bowman,** research assistant to comptroller, named auditor of costs. **C. E. Bynane,** general accountant, appointed auditor of capital expenditures. **Louis F. Peterlin,** assistant auditor of revenues, succeeds Mr. Heyboer. **William W. Hurst,** assistant auditor of revenues, named auditor of revenues. **Raymond C. Wojahn,** chief traveling auditor, appointed assistant auditor of revenues. **John H. Leckrone,** special assistant to auditor of revenues, named assistant to auditor of revenues.

SOUTHERN PACIFIC.—L. Gordon Crocket and **Joseph W. Murphy,** special assistants (passenger traffic), San Francisco, promoted to assistants to vice president of system passenger traffic—public relations there.

Harold S. Orner, general mail, baggage and express traffic manager, Pacific Lines, San Francisco, has assumed jurisdiction of these activities for the entire system. **Elmer O. Lewis,** assistant general mail, baggage and express traffic manager, Pacific Lines, named to same position, system.

Frank H. Coyne, Jr., assistant auditor, T&NO, Houston, Tex., named to the newly created position of manager, systems research, SP.

SOUTHERN PACIFIC-TEXAS & NEW ORLEANS.—A. E. DeMattei appointed general superintendent of communications—system, with headquarters at San Fancisco and Houston.

SOUTHERN PACIFIC PIPE LINES, INC.—Byron K. Smith, assistant general manager, Los Angeles, appointed assistant to the president, San Francisco.

SOUTHERN PACIFIC TRANSPORT.—G. D. Clark, vice president and general manager, elected president. Mr. Clark continues as general manager of the Southern Pacific subsidiary which operates in Texas and Louisiana.

OBITUARY

Philip G. Barenbach, 61, Chicago manager of freight rates, **Pennsylvania,** died Dec. 30, 1959.

Charles E. Horsley, 79, retired master mechanic, **Illinois Central,** died Jan. 5 at Mattoon, Ill.

David W. Owen, 69, retired general freight and passenger agent, **Baltimore & Ohio Chicago Terminal,** died Jan. 7 in Oak Park Hospital, Oak Park, Ill.

Thomas P. Irving, 76, until 1949 engineer car construction, Advisory Mechanical Committee, **Erie, Chesapeake & Ohio, Pere Marquette and Nickel Plate,** and since that time vice president in charge of sales of the **Industrial Supply Co.,** Cleveland, died recently.

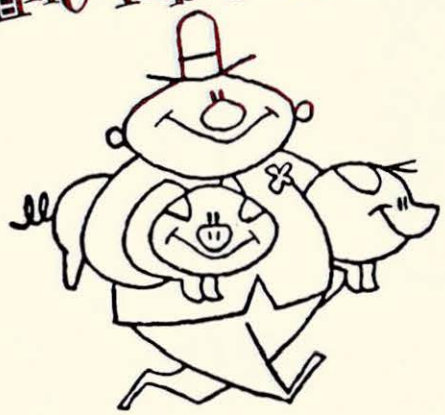
William L. Frank, 58, general freight agent, **Chicago & North Western,** died Jan. 12 in Ravenswood Hospital, Chicago.

William A. Schweinberg, 57, superintendent of the locomotive division, **Electro-Motive Division** of **General Motors Corp.,** died Jan. 12 at his home in La Grange Park, Ill.

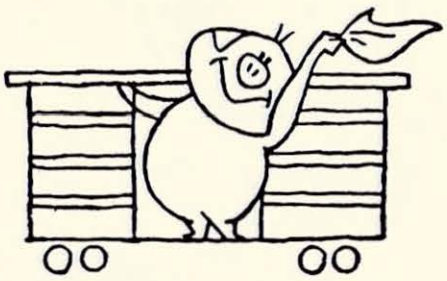
William J. Jenks, 89, former president and chairman of the board of the **Norfolk & Western,** died Jan. 17 at his home in Roanoke, Va.

(Supply Trade on page 38)

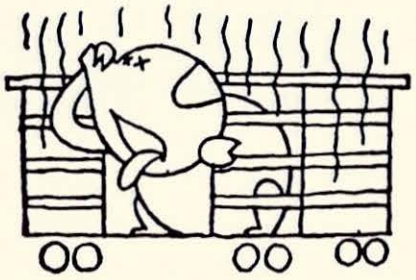
The fable of the pig and the Boxcar



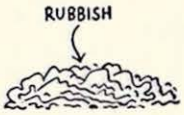
Once upon a time there was a monstrous pig shipper. He used to ship his pigs all over the country without changing cars.



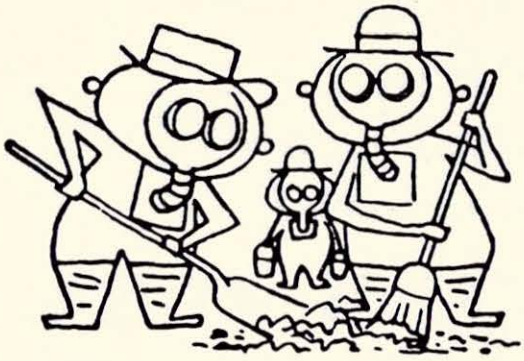
And you know what that meant... because pigs is pigs...



Now, we didn't mind this pig shipping (in fact, we loved it), but we hated his housekeeping, because he always gave us back our cars looking like this...

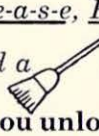


And the time (not to mention expense) we had to take in cleaning these cars sometimes caused delay to OTHER shippers in receiving cars...



So, we think he was more of a *than some of his* *because he didn't think of the problems of his fellow shippers.*

MORAL: *Whether the car brings you* *or*

or *or whatever it is you unload, won't you please, p-l-e-a-s-e, PLEASE use consideration and a*  *?*

Aesop said: **"When you unload...unload clean!"**

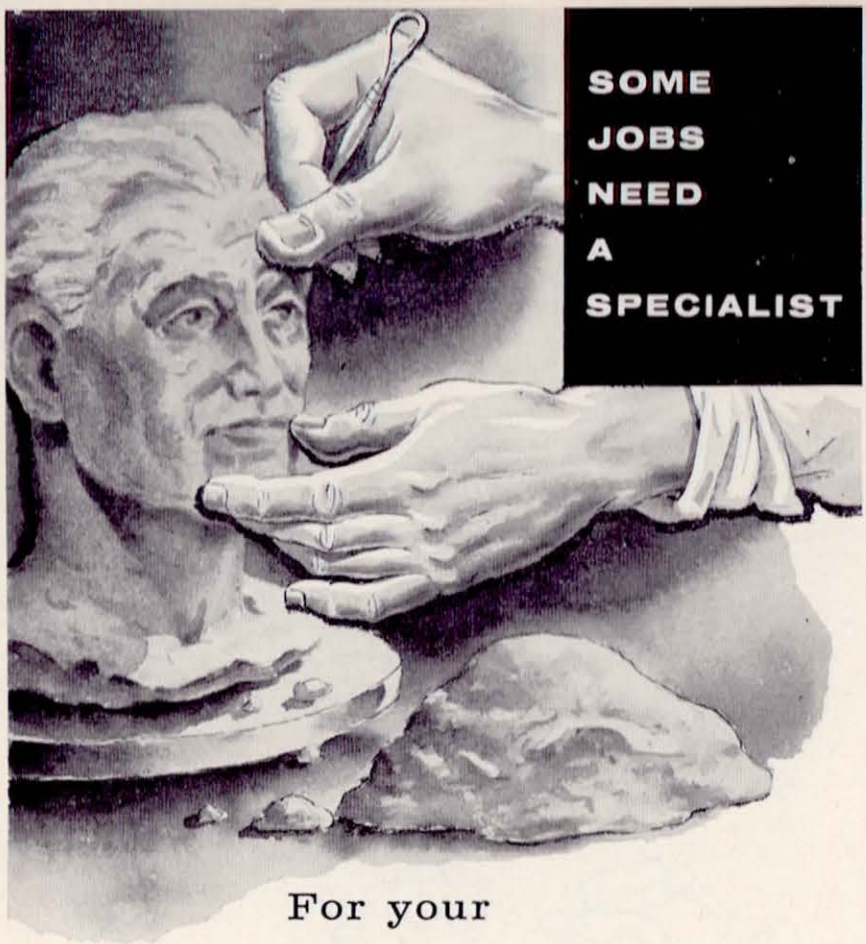
ON THE SERIOUS SIDE

Thanks to the cooperation of consignees in the National Clean Car Program, the percent of railroad cars released unclean to U. S. railroads has dropped from 20.4% (1955) to 13.2% (1958).

We all agree the improvement is not great enough. But it is very encouraging when you consider that the 1957-58 drop of only 1%, applied to the current freight car total and to the number of times cars are loaded annually, made possible approximately 400,000 more loadings of serviceable cars during that year.

WE THANK YOU **Southern Pacific**

REPRINTS OF THIS MESSAGE IN LEAFLET FORM ARE AVAILABLE THROUGH ANY SOUTHERN PACIFIC TRAFFIC REPRESENTATIVE



For your
shipping needs,
call your

COTTON BELT
shipping specialist

Cotton Belt's well-molded
service is the perfect
answer to your
freight shipping problems.

FREIGHT SPECIALISTS
SINCE 1877

Supply Trade

Edward J. Green has been elected vice president—planning and marketing of the **Westinghouse Air Brake Co.**, Pittsburgh, Pa. Mr. Green was formerly executive assistant to the president of WABCo.

O. J. Engle, comptroller of **Pullman-Standard,** has been elected vice president and comptroller.

G. N. Burwell has been elected vice president of the **Rails Co.,** Maplewood, N. J. **F. W. Schmidt** has been elected district manager at Chicago.

Edward J. Green

O.J. Engle

Industrial Traffic

David Wolfe, superintendent of transportation of **Whitehead & Kales Co.,** Detroit, has been appointed traffic manager, succeeding **Archie B. Struthers,** named railroad sales representative.

John C. Cottee, assistant general traffic manager, **Glidden Co.,** Cleveland, has been appointed general traffic manager, succeeding **F. C. Hysell,** retired.

E. J. Dunne, assistant traffic manager, **Shell Oil Co.,** San Francisco, appointed traffic manager, West Coast transportation and supplies department, Los Angeles, succeeding **William H. Adams,** retired. **R. J. Sullivan** named assistant traffic manager. **M. S. Housner,** assistant traffic manager, Los Angeles, has retired.

J. E. Wilbee, rate analyst, **Abitibi Power & Paper Co., Ltd.,** Toronto, Ont., Can., appointed traffic manager—rates.

Joseph F. Krepley has been appointed extrusion product manager, and **Richard E. Clay** has been named transportation sales manager of the Metals Division of the **Olin Mathieson Chemical Corp.,** at New York.

Clifford C. Ellingwood, assistant director of traffic and material handling for Delco-Remy Division, **General Motors Corp.,** Anderson, Ind., has been appointed director of the department, suceeding **John W. Peters,** who retired Dec. 31, 1959.

C. L. Williamson has been named general traffic manager for **Lone Star Steel Co.,** Dallas, Tex. Mr. Williamson was formerly general freight agent for the **Fort Worth & Denver.**

K. Miles Potter, manager—freight rates, **Pennsylvania Railroad,** Pittsburgh, has been appointed traffic manager—special assignments, traffic division, **United States Steel Corp.,** Pittsburgh.

MARKET OUTLOOK *at a glance*

Carloadings Rise 2.4% Above Previous Week's

Loadings of revenue freight in the week ended Jan. 16 totaled 605,757 cars, the Association of American Railroads announced on Jan. 21. This was an increase of 14,242 cars, or 2.4%, compared with the previous week; an increase of 19,415 cars, or 3.3%, compared with the corresponding week last year; and an increase of 32,871 cars, or 5.7%, compared with the equivalent 1958 week.

Loadings of revenue freight for the week ended Jan. 9 totaled 591,515 cars; the summary, compiled by the Car Service Division, AAR, follows:

REVENUE FREIGHT CAR LOADINGS
For the week ended Saturday, Jan. 9

District	1960	1959	1958
Eastern	91,977	86,093	87,158
Allegheny	118,263	97,231	101,326
Pocahontas	52,650	46,652	48,613
Southern	112,810	107,025	110,233
Northwestern	61,309	62,613	66,750
Central Western	109,465	106,497	109,290
Southwestern	45,041	44,555	46,437
Total Western Districts	215,815	213,665	222,477
Total All Roads	591,515	550,666	569,807
Commodities:			
Grains and grain products	46,865	55,318	56,327
Livestock	4,512	4,930	6,064
Coal	118,439	113,131	123,628
Coke	11,672	8,815	7,191
Forest Products	37,339	33,901	35,884
Ore	23,177	16,583	14,786
Merchandise l.c.l.	35,328	37,940	42,435
Miscellaneous	314,183	280,048	283,492
Jan. 9	591,515	550,666	569,807
Jan. 2	483,012	468,219	472,284
	1959	1958	1957
Dec. 26	468,752	432,148	409,598
Dec. 19	615,365	571,147	590,314
Dec. 12	641,972	589,353	603,140

PIGGYBACK CARLOADINGS.—U.S. piggyback loadings for the weeks ended Jan. 2 and Jan. 9 totaled 6,661 and 8,995, respectively, compared with 4,770 for the week ended Jan. 3, 1959, and 6,019 for the week ended Jan. 10, 1959.

IN CANADA.—Carloadings for the seven-day period ended Jan. 7 totaled 48,839 cars, as compared with 79,312 for the previous ten-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada		
Jan. 7, 1960	48,839	24,404
Jan. 7, 1959	48,428	21,444

Capital Expenditures

► *New York Central.*—Has budgeted $100 million for capital expenditures in 1960. Plans include acquisition of 2,200 new freight cars—1,600 hopper cars, 300 box cars, 200 regular flat cars, 100 Flexi-Van cars. Other planned expenditures: CTC, $14,844,711; electronic yards, $34,525,415 (including a new 61-track $13,000,000 yard at Detroit which will get under way late this year and be completed in 1961); rail program, $8,498,355; miscellaneous, $26,597,698. NYC President Alfred E. Perlman says the 1960 program includes some projects deferred from 1959, when the road budgeted $40 million for capital expenditures, but actually spent $25-$27 million.

New Equipment

FREIGHT-TRAIN CARS

► *Central of Georgia.*—Is inquiring for 60 3,500-cu ft capacity, roller-bearing covered hopper cars, estimated to cost $760,000; and 40 2,010-cu ft, roller-bearing covered hopper cars, estimated to cost $420,000. Expected delivery date: May or June.

LOCOMOTIVES

► *Central of Georgia.*—Ordered eight 1,800-hp GP-18 diesel-electric locomotives from Electro-Motive Division for delivery in June. Estimated cost: $1,414,000.

New Facilities

► *Union Pacific.*—Has begun construction of a 563-mile microwave system between Omaha, Neb., and Laramie, Wyo. Eighteen repeater stations will be spaced about 18 to 35 miles apart. Intermediate terminal stations will be located at Grand Island and North Platte, Neb., and Cheyenne, Wyo.

Orders and Deliveries

► *Orders Increase.*—Orders were placed in December 1959 for 10,560 freight cars, compared with 2,624 for November. December 1958 orders totaled 3,706. Deliveries in December totaled 3,032, compared with 2,191 in November and 2,621 in December 1958. The backlog of cars on order and undelivered as of Jan. 1, 1960, was 43,870, compared with 36,555 on Dec. 1 and 27,596 a year ago.

Type	*Ordered December 1959*	*Delivered December 1959*	*Undelivered Jan. 1, 1960*
Box—Plain	3,000	1,847	11,849
Box—Auto	1	0	501
Flat	570	125	3,221
Gondola	2,456	1	7,490
Hopper	2,900	328	15,208
Covered Hopper	452	193	1,166
Refrigerator	837	325	3,362
Stock	0	0	0
Tank	218	185	730
Caboose	0	3	192
Other	126	25	151
Total	10,560	3,032	43,870
Car Builders	5,570	1,586	22,328
Railroad Shops	4,990	1,446	21,542

a RAILWAY AGE time-saver page

Missile Trains: North by Northwest

A top-secret curtain began closing down last week over the Air Force's plans for roving Minuteman-missile trains—but the news leaked out (and the Pentagon confirmed it) that the trains will operate over rails in the northern and northwestern portions of the country.

Likeliest candidate for home base is Ogden, Utah, where missile assembly and refitting facilities reportedly will be established. Also under consideration: Hastings, Neb.

Meanwhile, Minuteman-manufacturer Boeing has awarded a $1 million subcontract for design and development of missile-train rolling stock to American Machine and Foundry Co. and American Car and Foundry Division of ACF Industries. AMF-ACF were among a number of companies which submitted proposals for the work (RA, Sept. 24, 1959, p. 24).

AMF's Greenwich, Conn., engineering division will manage the program for the AMF-ACF team.

The subcontract calls for development of cars from which solid-fueled Minuteman missiles can be launched, and a control car which will contain instruments for launching the missile and monitoring its flight during tests. Also included in the subcontract is responsibility for preliminary design of launch car superstructure, including provisions for erecting and leveling the missiles.

Defense Secretary Thomas S. Gates, Jr., told a House Appropriations subcommittee that a "miniature scale model" has been completed.

The Air Force is working closely with the AAR on the project.

Terminal Plan Makes Headway

City officials and Chicago rail executives have reached the "willing to negotiate" stage on the latest passenger terminal consolidation plan submitted to them by consultants in mid-December.

This $115,300,000 consolidation proposal envisions acquisition of Chicago Union Station by the Chicago Railroad Terminal Authority by issuance of revenue bonds. All through passenger traffic would be moved from LaSalle Street, Dearborn and Grand Central Stations to an expanded and modified Union Station. Rock Island commuter service would be accommodated at an annex to be built to the west of the present Grand Central Station. Illinois Central and Big Four (NYC) passenger trains would continue to use the lakefront Central Station and C&NW trains would remain at the North Western station.

Mayor Richard J. Daley is pushing for clearance of the south-of-the-loop railroad-owned lands and erection of a Chicago branch of the University of Illinois on the 130-acre site.

Already faced with top-heavy terminal costs and dwindling passenger revenues, the interested railroads have made the following conditions part and parcel of their acceptance of the consolidation plan:

- No increase in operating costs.
- No long-term commitments for use of consolidated facilities.
- The right to withdraw when operations become uneconomical.
- Reduced usage of consolidated facilities shall not result in higher costs to remaining users.
- Fair price received for railroad properties released by consolidation.
- Satisfactory relocation of downtown freight facilities.

The fly-in-the-ointment to present negotiations may be the selling price of the railroad property. As soon as sufficient valuation data is forthcoming from the city's real estate consultants the railroad property owners are prepared to begin negotiations for surrender of their property to the Terminal Authority.

Negotiation for relocation of downtown freight facilities will be conducted concurrently with those for sale of property.

More Revenue Expected From New GCT Lockers

Grand Central Terminal in New York City has taken steps to increase its revenue from coin-operated lockers. In doing so, the station got the added bonus of better looks and a more pleasant smell.

GCT has installed 2,712 brand-new stainless steel lockers in 70 different locations throughout the terminal. They replace a slightly smaller number of gray carbon steel lockers.

Added revenue will be generated in three ways:

- GCT will receive a higher percentage of the gross on rentals under a lease agreement, with option to buy, contracted with Mercury International Co.
- More of the new-type lockers can be fitted into the equivalent of the space filled by old ones.
- A system of spotting the more expensive lockers in high-traffic locations has been developed.

Grand Central is still seeking additional locations in which to place the lockers.

It is reported that the new lockers are easy to clean and will be scented with a "fresh outdoorsy aroma" to please the ladies. Some have "quilted" surfaces, others are shiny enough to be used as mirrors.

Mercury International is now experimenting with deodorizers that will provide the right scent and reports that "we'll try anything short of Chanel No. 5."

A ten-year agreement with Mercury International guarantees the terminal the right to purchase the lockers if it sees fit.

As the Publisher Sees It . . .

The following item appeared in the Newark News, January 13th:

"Trucks traveling Rt. 46 will be checked tomorrow by 20 state police officers for defects ranging from faulty brakes to excess weight. The checks, performed periodically at different locations throughout the state, will start at 9 a.m. and continue to 1 p.m."

In other words, overloaded and defective trucks please detour via Rt. 10 during the 4-hour period of law enforcement, or hold departure 'til after lunch.

Robert S. Lewis

Seaway: Still a Question Mark

► **The Story at a Glance: After one full navigation season, a lot of basic questions about the new St. Lawrence Seaway remain unanswered. No one, apparently, is interpreting 1959 results with any degree of assurance, or making any very confident predictions about this or future years. It still seems likely to be three, five, even 10, years before changing traffic patterns shake down to the point where the Seaway's own value, or its effect on competitive carriers, can be accurately measured.**

First-season traffic through the St. Lawrence Seaway was about 20% below optimistic pre-opening 25-million-ton estimates of Seaway enthusiasts—but about 70% above 1958 traffic through the shallow-draft canals which were the Seaway's forerunners. Tolls, estimated at more than $10 million, were reportedly sufficient to pay operating costs and return to the U. S. Treasury alone (exclusive of Canadian receipts) about $2 million for interest and debt service. But this last figure was more than $700,000 short of what had been predicted.

That some of the Seaway traffic was diverted from parallel eastern railroads appears to be generally conceded. But no one is able to say just how much. To quote A. E. Baylis, vice president—freight sales and service, New York Central: "Accurate measurement of the total diversion in volume or revenue cannot be made as yet because of the influence of factors such as the steel strike, the growth of imports and certain crop fluctuations, all of which affected traffic independent of the Seaway."

There are, however, a few clues. The Port of New York Authority estimates that 1,100,000 tons of U. S. export-import general cargo moved via the Seaway in 1959, compared with 555,000 tons in 1958. The Department of Commerce reports that total volume of grain exported through Great Lakes ports increased from 15.5 million bushels in May-September 1958 to 101.5 million in the same months last year. Cars of export grain unloaded at seaports from April through October dropped by 54.4% at Boston; 70.6% at New York; 45% at Philadelphia; 44.3% at Baltimore; 42.2% at Hampton Roads; and 14.9% at New Orleans —though Boston and New York figures, at least, appear to be chargeable in part to factors other than the Seaway.

In addition to grain and grain products, a good many other "rail potential" commodities moved via the St. Lawrence in substantial volume. Exports especially affected included lard, tallow and grease; automobiles and farm and electrical machinery and parts; tires; canned goods; hides; powdered milk, and some other agricultural products.

Imports included pig iron, steel and steel products; industrial molasses; alcoholic liquors; pressed lumber; olives; coffee; fish and fish oils; and machinery, including automobiles.

On the other hand, rate adjustments by eastern railroads were "wholly successful" in preventing diversion of imported bauxite, manganese and chrome ores. Other adjustments were "almost as successful" in holding for rail movement crude rubber, green coffee, some machinery and some other products. Rate adjustments, too, "substantially reduced" diversion of export grain and flour.

Western railroads serving lake ports tend to view the Seaway more optimistically than their eastern counterparts. The Burlington, for example, reports "no diversion" of traffic; the North Western, "no loss." The Milwaukee and Rock Island, though unable to quote exact figures, each feel they "shared in substantial increase in export-import cargoes clearing through all ports on the Great Lakes in 1959 as compared with 1958 as a result of opening the enlarged St. Lawrence Seaway." In each case, specific commodities which were or may have been affected were essentially the same as those which eastern railroads reported, i.e., grains and grain products, lard, tallow, steel, etc.

Rock Island and North Western report some rate adjustments from interior points to lake ports, but western roads in general seem to be standing pretty much on prior rates "until steamship lines stabilize tariffs" or until changing traffic patterns are clarified, "so we know where we stand."

Looking toward 1960, eastern roads "are on the lookout for opportunities to make necessary rate adjustments . . . Individual proposals," says the Erie, "are being considered regularly and adjustments made where profitable traffic can be retained via rail. Additional proposals will be advanced as research studies are progressed."

About 15 specific rate reduction actions are pending, on "an almost limitless list of commodities." Among them are proposed cuts of 34% on chinaware from Liverpool to Chicago; 11% on automobiles from France to Detroit—and from Detroit to Liverpool; and, from Chicago to Liverpool, 12% on lard, 15% on agricultural implements, and 25% on agricultural commodities.

This competitive pricing program, Mr. Baylis says, "has been progressed slowly," while railroads get the "feel" of Seaway competition, but "will be well advanced prior to the 1960 navigation season." In addition to straight reductions, the overall program may include cooperative rates with steamship lines which prefer to use Atlantic ports; and seasonal rates with drastic reductions during the navigation season and higher rates in winter months.

Some western roads have some rate adjustments under study, but apparently consider them as part of "a continuing process" rather than as a "crash" program.

Meanwhile, Pennsylvania President A. J. Greenough says his road will "work to help make Chicago the world's greatest inland port. There's no better evidence of our good faith than the $2 million we are investing in wharfage and warehouse facilities on Lake Calumet." PRR has completed one 700-ft dock and will have another 900-ft wharf completed in time for the opening of the 1960 shipping season.

St. Lawrence Seaway Traffic (tons, 2,000 lbs)

Montreal-Lake Ontario	Upbound	Downbound	Total
Navigation season, 1959			
Bulk cargo	9,510,300	8,754,000	18,264,300
General cargo	1,319,300	520,100	1,839,400
Total cargo	10,829,600	9,274,100	20,103,700
Navigation season, 1958			
Total cargo	4,670,300	7,092,000	11,762,300
% Increase	131.8	30.7	70.9

Steel Pact Sets No Pattern for

President Daniel P. Loomis of the Association of American Railroads said last week that "important differences between the two industries" should be considered by those who think terms of steel's wage and rules settlement might apply to railroading.

The AAR president sounded this note of caution in his latest major address in support of the railroad industry's drive to end featherbedding. The address was made Jan. 22 before the Executives Club of Chicago.

(President Clair M. Roddewig of the Association of Western Railways said rail union chiefs are "inconsistent and utterly unrealistic" if they see the steel wage pact as a pattern for rail wage agreements. "What the steel industry may be able to live with," he warned, "would bankrupt most of the railroad industry because of the competitive situation.")

Differences between the steel and railroad industries extend to products, services, and work practices, Mr. Loomis pointed out. The railroads' "featherbedding problem," he added, "has real impact on both our industry and the whole nation, and the public interest will not tolerate indefinite continuation of this burden."

Despite the involvement of railroad employees in "make-work" practices, Mr. Loomis emphasized that management in no way blames the employees for featherbedding. He explained:

"Featherbedding arises primarily from the sheer fact of change. As railroads have undergone a near-revolution in technology and operating methods over the years, many of the work rules have remained unchanged. As a result we are attempting to run space-age railroads under horse-and-buggy-era rules."

Warning that "make-work in the final analysis does not make jobs," Mr. Loomis told of the decline in railroad employment. He put the loss since World War II at 600,000 jobs—"a frightening toll of 1,000 railroad jobs a week in recent years."

The AAR president went on to assert that "surely" this is a situation which calls for the utmost in labor-management cooperation—"for the utmost in understanding, breadth of view and statesmanship." He regretted his inability to report that railroad labor leaders are "bringing these urgent essentials to bear on this case." The labor leaders, he charged, have precipitated the present "grave conflict" by refusing to come to grips with the problem.

Recalling how labor opposed management's proposal that a presidential commission be appointed to study the problem, Mr. Loomis asserted that management is still willing "to lay its whole case on the table—to let the facts speak for themselves." There

Railroading After Hours with Jim Lyne

WORKING RULES DEBATE—I had something here a couple of weeks ago, expressing hope that there would be no clamorous debate on all possible variations of the working rules issue. One of my best friends—quite busy these days in debating this issue formally with the brothers—thought I had come out for shutting off such debate as his. Perish the thought.

What was troubling me was the urge I've detected on the part of many railroaders to publicize possible variations in the program for changed rules. (Such suggestions as: "Why don't they keep the fireman and let the head shack go?" or "Why don't they get after featherbedding among the clerks?")

Orderly debate on the program the railroads are united in supporting is helpful. A lot of off-beat suggestions for variations in the program is something else again, and that's the kind of debate I believe thoughtful railroaders could well avoid at the present juncture.

COMPLEX ROUTING—B&O Yardmaster Carl Rondinelli at Cincinnati tells me of a recent shipment from a point in Pennsylvania to a California destination, routed as follows:

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With imagination, a shipper can make one carload serve to share his patronage among a lot of carriers.

FREE TRAIN RIDES?—The Chicago Tribune reports, from London, that a member of the British Parliament has come out in favor of free passenger transportation, on the railways and the London transit lines. He contends that, while the carriers (government owned) would lose a lot of revenue, they would also save a lot of expense (in issuing and collecting tickets). But the big saving would come in getting the people off the highways, thus ending congestion and saving a tremendous capital expenditure for highway construction.

Professor L. L. Waters of Indiana University, as I recall, made a similar suggestion as to urban transportation (primarily buses) some months ago.

Both these suggestions hinge on the assumption that government—whether in Britain or U. S.—lacks the courage to make compensatory charges for highway use. And, as far as this country is concerned, the assumption doesn't seem too far off the beam. I see where a convention of highwaymen in Washington a few days ago asked Uncle Sam to spend an extra $1 billion to increase highway overpass clearances from 14 ft to 17 ft—ostensibly for defense reasons (but incidentally to accommodate bigger trucks).

INDIAN ENGINEERS—As to American Indians in railroad service, William C. Kessel of Hamburg, N. Y., advises that there are quite a number of original Americans in engine service on the old BR&P (now B&O) in Western New York.

RRs, Says Loomis

would be no conflict today "if the same could be said of rail labor leaders," he added.

He also said that management's demands have brought from the unions "an intensive propaganda campaign that almost entirely sidesteps the big issues before the industry." Stressing again management's position that employees are not responsible for featherbedding, Mr. Loomis said the only ones referring to employees as "no-good bums resting on a featherbed" are "their own labor leaders."

As to what management would do with the $500 million a year it says could be saved, Mr. Loomis listed first "increased employment and expenditures in track maintenance and car repair work." Other prospective uses would be to cut rates on competitive traffic, and to step up expenditures for new rolling stock and other modern facilities.

The AAR president closed with a challenge to labor leaders "to set aside their destructive campaign of invective and name-calling—to take cooperative action with us in solving the railroads' worsening problems to help rebuild a hard-hit industry, attract new traffic and create new jobs."

Grain Rate Cuts Protested

Protests against rate reductions for export grain moving to Great Lakes ports were before the ICC last week.

Reduced rates—aimed at greater participation in export grain traffic—were issued to become effective Jan. 25 by the C&NW and Milwaukee. The reductions apply to traffic from Missouri River cities to Great Lakes ports, or beyond, when for export.

Protesting the 17% reduction in present local and proportional rates were various Gulf ports and 17 western rail carriers (led by Santa Fe and Rock Island). They denied the North Western and Milwaukee claims that a reduction was reasonable, necessary or compensatory. An ICC decision was expected by Friday, Jan. 22.

The independently published tariff cited the need for lower rail rates from the surplus grain producing areas in the Midwest to meet competition from other railroads serving Texas and Gulf ports; truck and barge competition; and to offset the "ocean disability" of the St. Lawrence Seaway (ocean charges are 22 cents per hundredweight higher via the Seaway than via the Gulf ports).

Attorneys for the protesting western roads claimed the proposed rate reduction was "merely for the purpose of endeavoring to deflect the movement of grain traffic to their lines [C&NW and Milwaukee] from rail lines serving the Gulf ports."

Similar adjustments by the Gulf port rail carriers are threatened because they will not "sit idly by and see the traffic diverted through the St. Lawrence seaway."

The proposed reduction in rates would apply to wheat, barley, rye, sorghum grains, corn, oats and soybeans (carloads) moving from Sioux City and Council Bluffs, Iowa, Omaha, South Omaha and South Sioux City, Neb., and Kansas City, Mo., to Chicago, Ill., Milwaukee, Manitowoc, Green Bay and Superior, Wis., and Duluth, Minn., for export.

Rail-Welding Plant Goes in at Steel Mill

A plant for butt-welding sections of rail immediately upon their emergence from the rolling mill is expected to be completed at Minnequa, Colo., in February, according to an announcement by Chemetron Corp. The plant will be located adjacent to the mill of the Colorado Fuel & Iron Corp. When it is in operation, the railroads will be able to obtain welded rail "faster and more economically," said Robert A. Baer, head of the railroad equipment department of Chemetron's National Cylinder Gas Division.

From the rolling mill the standard 39-ft rails will move directly into the new plant to be welded into sections anywhere from 78 ft to a quarter of a mile long, the announcement said. The sections will be shipped on flat cars or in gondolas to the points where they are to be laid. William S. Boyce, general manager of railroad sales for Colorado Fuel & Iron, said the cooperative innovation will provide a new, improved service for railroad customers of the steel mill.

The announcement stated that welding of the rail at the site of the rolling mill not only eliminates the expenses of moving equipment from job to job, but permits permanent use of a well-trained welding crew and assures a constant supply of rails to be welded.

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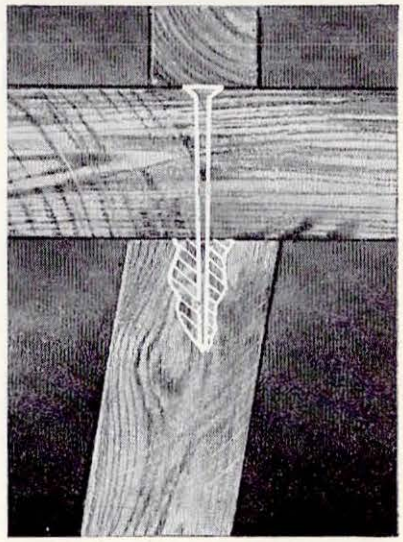

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You Ought To Know...

Diversion of mail from railroads to airlines "will mean the end of mail and passenger-train service to many communities," U. S. Senator Richard L. Neuberger (D., Ore.) warned last week. He spoke in the Senate against S. 2402, the "air transportation for other than air-mail" bill. He pointed out that "there are only 800 air stops in this country, whereas the railroads which presently carry the greater part of the mails, directly serve some 12,000 post offices."

Piggyback movement is speeding delivery of Studebaker Larks from South Bend, Ind., to Salt Lake City, Utah, by two days. The autos are loaded five to a trailer, ten to an 85-ft flat car in Chicago, after being trucked from Studebaker-Packard's South Bend plant. They are moving, under a Plan III rate, on a daily schedule via Burlington-Rio Grande.

No general car supply problem is expected during the first half of 1960, Ralph E. Clark, chairman of the AAR's Car Service Division, told the Atlantic States Shippers Advisory Board in Washington, D. C. Mr. Clark said stepped-up railroad car repair and purchase programs, and cooperation from shippers in releasing cars promptly, have prevented a "serious situation."

Maine's PUC has rejected petitions of the Maine Central and the Bangor & Aroostook to discontinue all passenger service. The PUC ordered MC to continue two round trips daily (Portland-Vanceboro and Portland-Bangor via Brunswick and Augusta) on a trial basis for a year. BAR must continue substantially all of its service for the same period. Meanwhile, MC has announced discontinuance of sleeper service between Bangor and New York, effective Jan. 29.

KCS has dropped its tax suit in Kansas. Litigation has been going on for four years in an attempt by the Kansas City Southern to recover alleged overpayment of property taxes. Railroad property has been assessed at 60% of true valuation while other property carries a 22% assessment. But in each of the last two years railroad assessments have been reduced 5% in dollar value and KCS believes this "program of annual readjustment will soon equalize railroad assessments with other Kansas property."

No "on-the-job" fatalities in 1959 is the proud achievement of the Chesapeake & Ohio. One employee was killed while under pay on the property, but not while performing duties. The best previous year, 1958, saw three "on-the-job" fatalities.

The concept of containerization, and the functioning of the Fruehauf-General American container program, are described in a new 14-page booklet, "The Fruehauf-General American System." It gives details of applications, operating principles, advantages and general specifications of the system's three basic elements—container, chassis and G-85 rail car. Copies are available from Fruehauf Trailer Co., Detroit 32, Mich.

Authority to abandon 8.7 miles of its Colusa branch in California has been asked of the ICC by the Sacramento Northern. The line, originally built as an electrified freight and passenger interurban, went to freight-only in 1940. But freight traffic now has dwindled to two or three cars per week.

A railroad strike "of any substantial duration" would "seriously damage or at least set the railroads back in their efforts to modernize the railroad plant," Commissioner Kenneth H. Tuggle of the ICC warned last week. If work stoppages can be averted, he said, "the year 1960 could well be one of our best non-war years for transportation."

Mediation has been asked by the non-ops and the carriers in their current dispute involving wages, holidays, vacations and insurance benefits. The case is the last of the major wage negotiations to enter the mediation stage.

BRT's constitution no longer restricts membership to "white males." Approval of a constitutional amendment eliminating the color barrier was voted at the special Trainmen's convention in Cleveland last week. A union spokesman said that colored members of the BRT are now employed on several southern railroads as well as some West Coast bus lines.

New technological and traffic developments are getting keen study on the Pennsylvania. Among the areas in which President A. J. Greenough indicates PRR may now move: more microwave (the road faces a need for more communications circuits than it now has and "we're taking a good, hard, long look at microwave"); diesel-hydraulics (again, "we're taking a look"); and automobile piggyback (PRR and one auto manufacturer failed to reach agreement in exploratory talks, but "we may work something out yet").

COMING . . .

Railroads Stage Running Fight on Brush

Brush control is a constant job along thousands of miles of right of way. Railway Age of February 1 brings you up to date on why brush is a bigger problem than ever and what railroads are doing about it.

Special Report: Mechanical Refrigeration

Ownership of mechanical refrigerator cars is on the upswing. The February 8 Railway Age will bring you the complete story—who owns such cars, how they're being used, what builders are doing to improve design.

THE DEVELOPMENT OF AMERICAN INDUSTRIES

by John G. Glover and Rudolph L. Lagai

This recently published book surveys the varied, underlying role of industry in the economic growth of the United States from agrarian colonial times to the present atomic era. It presents a cross section of 36 representative industries. Each section is presented in a similar way, thus permitting the student or business executive to relate the important aspects of any one industry to those of any other. Coverage of the history and development of the railroad industry in the United States is particularly thorough. 1959. 835 pp. 40 illus. 6 x 9. $7.50

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This authoritative new book presents an up-to-date treatment of the principles of management. It presents a systematic approach to the subject with broad coverage of the field from the underlying philosophy of management to the work-saving potential of automation. Thorough treatment of the basic principles of management makes the book invaluable for both the student and the younger executive. More advanced materials on such subjects as research resources, budgetary control, linear programming and automation provide a strong appeal for the seasoned executive who seeks an authoritative and compendious statement of the more recent developments in management techniques. 1958. 406 pp. illus. 6 x 9. Cloth. $6.50

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Millions for Better Service

The most significant good news during the past couple of weeks has been the announcement by the C&NW of its program for complete modernization of its Chicago suburban service; and the statement of the Santa Fe of its intention to spend $100 million for capital improvements in 1960.

The Santa Fe earns about 6% of the gross revenue of all Class I railroads. If the railroad industry as a whole were able to make capital expenditures at a rate equal to the Santa Fe's 1960 budget, then the industry's capital improvement program for this year would be $1.7 billion or almost 40% more than the probable $1.2 billion forecast by our research director, J. W. Milliken (RA, Jan. 18, p. 26).

Few people—including many railroaders— appear to realize that, from the standpoint of the public, *the 'railroad problem' consists, quite simply, in the fact that the railroads are not able to raise money to keep their plant thoroughly modern.* There are many contributing causes to this situation—but the 'problem' itself is one of inadequate supply of new capital—nothing more and nothing less.

Competing agencies of transportation (airlines, inland water carriers, highway transportation) do not have this problem because all their fixed plant capital is supplied—in unbelievably profligate billions—by federal and local governments. These carriers themselves have to scout around only for the capital money needed to provide their vehicles—planes, barges, trucks.

There are a few large railroads, among which the Santa Fe is noteworthy, that—for a combination of reasons—have been able to do much better than the average in keeping their facilities up-to-date. The solution of the 'railroad problem' thus lies in taking those steps which will enable railroads as a whole to have readily available supplies of capital to match those of such railroads as the Santa Fe.

The C&NW does not belong to this fortunate category of well-to-do railroads. But, when there is just so much new capital obtainable, it is usually better business to concentrate it on doing a well-rounded job in a couple of places, rather than to spread it thin, doing one-tenth of a thorough job in 10 places. The North Western's bold program will find out, unequivocally, whether thoroughly up-to-date suburban service can attract large patronage and support itself entirely from customers' payments. The answer to that question is important, not only to the North Western, but to all other railroads obliged to provide suburban service.

There is no industry in the country which pours its available resources into plant improvements for better service, to the degree the railroads do.

How to Improve Capital Supply

On the question of the more rapid rate of improvement in facilities by non-railroad carriers than by railroads, Professor James C. Nelson* of Washington State University made some pertinent observations at the recent annual meeting of the American Economic Association. He said (among other things):

"More rapid technological change in non-rail transport may well reflect the greater national encouragement to investment in public facilities, rather than any inevitable outcome of the relative rates of invention in different fields of transport or of the greater maturity of the railroads.

"For three decades, the railroads have not attracted capital for making any but the most profitable or needed investments. Often, only investments in improvements capable of yielding returns of 25 to 40% a year can be undertaken."

To correct this situation, Professor Nelson believes the railroads should increase still further their present vigorous efforts to modernize their rate structure, and that regulators should cooperate. He believes, also, that compensatory charges should be levied for the use of government facilities provided for other carriers. In conclusion, he says:

"Allowing the roads to adjust dynamically to the competitive conditions facing them is the best way to assure rapid railway progress, the minimization of transport costs, and the maximum contribution that transport can make to economic growth and prosperity. This will increase rail investment and maintain employment, and at the same time will release resources, including labor, used wastefully in high resource-cost transport for more productive employment elsewhere in the economy."

*Professor Nelson, it will be remembered, is the author of the Brookings Institution's authoritative "Railroad Transportation and Public Policy," published late in the spring of 1959.

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